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Report of Independent Auditors

To the Commissioners of the
Metropolitan Transportation Commission:

In our opinion, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Transportation Commission (MTC) which collectively comprise MTC's basic financial statements as listed in the table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of MTC at June 30, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the MTC's management. Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

The accompanying management's discussion and analysis appearing on pages 2 through 13 and the budgetary comparison and funding status information identified in the table of contents under *Required Supplementary Information* and appearing on pages 80 through 84 of this report are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise MTC's basic financial statements. The supplementary schedules identified in the table of contents under *Other Supplementary Information* and appearing on pages 85 through 107 of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements. These supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The charts, schedules and other information identified in the table of contents under *Statistical Section* and appearing on pages 108-124 of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

PricewaterhouseCoopers LLP

October 7, 2010

Management's Discussion and Analysis

(Except as otherwise stated, all amounts described below are expressed in thousands of dollars – '000 removed)

This section presents an overview of the financial activities of the Metropolitan Transportation Commission (MTC), as well as its blended and discretely presented component units as discussed separately below for the years ended June 30, 2010 and 2009.

A. Financial Highlights

Fiscal 2010 was another difficult year for MTC as it was for the nine-county region, state and nation as a whole. Virtually all of MTC's operational units saw reduced revenue from many sources such as, declining toll revenue, declining sales tax and DMV revenue, the state reduction of transportation funds for state budget purposes and interest rates reaching near zero levels on invested assets. One highlight was the State of California reinstated STA revenue and made a payment in late June 2010. Work has begun on projects funded with federal stimulus money. These projects include the Doyle Drive Replacement project and the Caldecott Tunnel Fourth Bore.

Following are some highlights from fiscal year 2010:

- MTC is taking a lead in implementing the Climate Initiatives Program.
- The San Francisco-Oakland Bay Bridge was closed Labor Day weekend for another milestone – the last piece of a temporary traffic bypass was successfully rolled out on the East Span of the bridge.
- The San Francisco-Oakland Bay Bridge was closed for another ten days due to eyebar repairs.
- MTC's 511 Transit site was named one of ten great government Web sites nationwide for 2009 by Government Computer News. The site offers online trip planning as well as route, fare, and schedule data for transit operators in the Bay Area.
- BART and Caltrain became the fourth and fifth transit operators to launch Clipper, formerly known as TransLink, in August 2009. These are the region's two largest transit operators to join the regional fare system.
- The Bay Area Toll Authority (BATA) will increase its toll rates on the seven Bay Area bridges effective July 1, 2010.
- State Transit Assistance funds of $144 million were paid by the State of California in late June 2010 for fiscal years 2010 and 2011.
- Sales tax revenue decreased in the region for the second straight year due to the economic downturn.
- BATA issued its first set of Build America Bonds (BABs) in November 2009. BATA receives a rebate of 35% of the interest expense on the taxable bonds from the US government.

Despite continuing economic issues, MTC and its operating units are in stable financial condition and are providing valuable regional resources in seismic and transportation projects to help the region recover. All MTC operating units, MTC, BATA and MTC Service Authority for Freeways and Expressways (MTC SAFE), managed to adopt 2010-2011 budgets that met lower revenue levels with lower expense levels, but without staff layoffs or significant reduction in MTC service levels.

B. Overview of Government-Wide Financial Statements

The government-wide financial statements provide an overview of MTC, as well as its blended and discretely presented component units. The government-wide financial statements comprise a Statement of Net Assets, a Statement of Activities, and accompanying footnotes. The Statement of Net Assets presents information on the government-wide assets and liabilities of MTC at the end of the 2010 and 2009 fiscal years. The difference between the assets and liabilities is reported as "Net Assets." The Statement of Activities presents government-wide information showing the change in net assets resulting from revenues earned and expenses incurred during the 2010 and 2009 fiscal years. All changes in net assets are recorded as revenues are earned and expenses are incurred, regardless of the timing of related cash flows.

MTC is composed of governmental and business-type funds and activities, as well as one discretely presented component unit. The governmental funds are comprised of the general fund, the special revenue funds and the capital project funds. The business or proprietary funds are BATA, MTC SAFE, and Bay Area Infrastructure Authority (BAIFA). BATA and MTC SAFE are blended component units (legally separated) whose transactions are presented as if they were business-type funds. BAIFA is a discretely presented component unit on the government-wide financial statements. MTC also holds and administers two fiduciary funds. These funds are further described in section C below and in Note 1A to the Financial Statements.

The government-wide Statement of Net Assets and Statement of Activities are presented on pages 14-17 of this report with the accompanying footnotes being presented on pages 34-79.

C. Overview of the Fund Financial Statements

i.) *Governmental Funds*

Governmental funds are used to account for the MTC activities and are supported primarily by grants, contributions, sales taxes and intergovernmental revenue sources. Governmental funds provide additional information not provided in the government-wide statements in that they focus on the annual inflows and outflows of resources as well as on the balance of resources available to be spent at fiscal year-end rather than the longer term focus of governmental activities as seen in the government-wide financial statements. The governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison of governmental funds to governmental activities.

MTC's governmental funds include a general fund, two major special revenue funds, other non-major special revenue funds and a capital projects fund. The financial statements of the governmental funds, prepared under the modified accrual basis of accounting are on pages 18-24 of this report. A schedule detailing the non-major special revenue funds are included on pages 86-87 of this report.

MTC adopts annual budgets for all funds. However, a comparison of budget-to-actual is required only for certain governmental funds (major funds) and these are presented on pages 81-83 of this report. A comparison of budget to actual is also presented for non-major funds on pages 88-93.

ii) Proprietary Funds

Proprietary funds are used to report business-type activities. MTC has two proprietary funds, BATA and MTC SAFE. These funds are presented as blended component units of MTC as if they were proprietary funds on the government-wide and fund financial statements because they meet the GASB Statement No. 14 criteria for doing so. BATA oversees the administration of toll collection and maintenance activities for the seven state-owned bridges in the San Francisco Bay Area, as well as administers BATA Regional Measure 1 (RM 1) and Regional Measure 2 (RM 2) capital improvement programs approved by the voters in 1988 and 2004, respectively. BATA has oversight responsibilities over the seismic toll revenue as well as the retrofit program. MTC SAFE administers a freeway motorist aid system providing tow truck and call box services to stranded motorists in the nine Bay Area counties.

The financial statements of the proprietary funds are prepared on an accrual basis and are on pages 25-32.

iii) Fiduciary Funds

Fiduciary funds are used to account for resources held in a trust or agent capacity for the benefit of parties outside MTC. These funds are not reflected in the government-wide financial statements, as the resources cannot be used to support the programs of MTC or those of its component units. The fiduciary funds of MTC use the economic resources measurement focus and the accrual basis of accounting.

MTC reports on two fiduciary funds, Transportation Development Act (TDA) and BART Half-Cent Sales Tax (AB 1107) funds. Revenue for each of these funds is derived from sales tax revenues. The revenues for the TDA fund are deposited in MTC's name as fiduciary with the respective treasurer in each of the nine counties in the region. The revenues for the AB 1107 fund are deposited with the State of California. MTC has administrative oversight for the allocation of these funds.

The fiduciary funds financial statement is presented on page 33 of this report.

iv) Discretely Presented Component Unit

The Bay Area Infrastructure Authority (BAIFA) was established in August 2006, as a separate public entity pursuant to the California Joint Exercise of Power Act, to plan capital projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance. BAIFA applies funds received to pay debt service on bonds issued by BAIFA to finance or refinance the related capital improvement projects. BAIFA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statement as it does not meet the criteria for blending under the provisions of GASB Statement No. 14.

D. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

E. Government-Wide Financial Analysis

Total government-wide liabilities exceeded total assets for fiscal 2010 by $3,259,876 while total government-wide liabilities exceeded assets by $2,690,030 for fiscal 2009 as illustrated in the following table. This represents a decrease in net assets for fiscal 2010 of $569,846 and a decrease of $800,093 for fiscal 2009. The cause of the net asset deficit is the impact of BATA since BATA does not own or maintain title to the bridges. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and the project is completed.

i.) Statement of Net Assets

The following table shows a portion of the MTC's government-wide statements of net assets for the last three years:

Metropolitan Transportation Commission's Statement of Net Assets ($000)

	Governmental Activities			Business-Type Activities			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Cash and investments	$ 434,395	$ 300,012	$ 273,188	$ 2,603,997	$ 2,110,180	$ 2,901,882	$ 3,038,392	$ 2,410,192	$ 3,175,070
Receivables	35,445	48,074	80,962	22,462	11,643	12,912	57,907	59,717	93,874
Other assets & deferred outflows	8,147	7,977	8,139	346,907	385,863	210,295	355,054	393,840	218,434
Loan to other agency	29,000	37,000	42,000	-	-	-	29,000	37,000	42,000
Capital assets	7,946	8,443	8,855	18,199	12,779	8,206	26,145	21,222	17,061
Total assets and deferred outflows	514,933	401,506	413,144	2,991,565	2,520,465	3,133,295	3,506,498	2,921,971	3,546,439
Other liabilities	37,883	63,102	61,557	414,451	335,978	272,053	452,334	399,080	333,610
Long term liabilities	22,829	30,679	38,668	6,291,211	5,182,242	5,064,098	6,314,040	5,212,921	5,102,766
Total liabilities	60,712	93,781	100,225	6,705,662	5,518,220	5,336,151	6,766,374	5,612,001	5,436,376
Net assets:									
Invested in capital assets, net of related debt	7,936	8,393	8,768	18,199	12,779	8,206	26,135	21,172	16,974
Restricted	467,544	329,243	337,420	200,000	293,873	338,458	667,544	623,116	675,878
Unrestricted	(21,259)	(29,911)	(33,269)	(3,932,296)	(3,304,407)	(2,549,520)	(3,953,555)	(3,334,318)	(2,582,789)
Total net assets / (deficit)	$ 454,221	$ 307,725	$ 312,919	$ (3,714,097)	$ (2,997,755)	$ (2,202,856)	$ (3,259,876)	$ (2,690,030)	$ (1,889,937)

Cash and investments increased by $628,200 from 2009 to 2010 and decreased by $764,878 from 2008 to 2009. The increase in 2010 is mainly the result of proceeds from BATA's toll revenue bond issuance and the STA revenue of $144,121 released by the State of California in late June 2010. The decrease in 2009 is mainly due to BATA financing the RM 1 and the Seismic retrofit projects.

Long-term liabilities increased by $1,101,119 or 21.1 percent in 2010 and increased by $110,155 or 2.2 percent in 2009. The increase in 2010 is due to the $1.3 billion issuance of BABs less $242 million of debt classified as current from long term due to the expected repayment in the following fiscal year 2011. The increase in 2009 is mainly due to the increase in the change in the fair value of the derivative instrument interest rate swaps of $252,460 and a decrease of $142,741 of debt that was reclassified from long term to current, which includes a reclassification of $99,049 to current on the debt due to BAIFA.

In fiscal year 2007, BATA entered into a contribution agreement with the BAIFA. Under the contribution agreement, BATA pledged and irrevocably assigned to BAIFA $1,135,000 of future state payments representing part of the State of California's share for the seismic retrofit and replacement program. The state payments are provided for in state legislation. In December 2006, BAIFA issued notes called State Payment Acceleration Notes (SPAN) of $972,320. As BATA incurs expenses for the seismic projects, BAIFA reimburses BATA from the note proceeds. The transactions are accounted for under Governmental Accounting Standards Board Statement No. 48 on "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues." The long-term liability due to BAIFA is $393,090 and $546,042 as of fiscal 2010 and 2009, respectively.

Other liabilities increased by $53,254 or 13.3 percent in 2010 compared to an increase of $65,470 or 19.6 percent in 2009. The increase in 2010 is mainly due to an increase of $54,000 in the BAIFA scheduled payment from BATA. The 2009 increase is mainly due to the increase in the BAIFA scheduled payment of $56,000 from BATA and $7,352 payable to Caltrans.

The net deficit increased by $569,846 or 21.1 percent in 2010 following an increase of $800,093 or 42.3 percent in 2009. The increase in the net deficit for both fiscal years is mainly from the drawdowns of the Seismic Retrofit, RM 1, and RM 2 capital programs. BATA is the financing arm for the Regional Measures 1, 2, and Seismic Retrofit programs. The bond proceeds from these debt obligations are used to reimburse Caltrans for capital construction costs on the seven state-owned toll bridges. Since the bridges are not capitalized under BATA and title remains with Caltrans, the combination of distributions to Caltrans and increased debt to pay for project expenditures creates a negative asset, or deficit. Future toll revenues are pledged to cover debt service payments. This information is more fully described in Note 2 of this report.

ii) Statement of Activities

The net assets for governmental activities increased in fiscal 2010 while the net deficit for business-type activities also increased for the same period. The increase in net assets for governmental activities is mostly due to the increase of $109 million of federal and state revenue in fiscal 2010. The increase in the net deficit for business-type activities is the result of BATA project financing and expense activities. A breakdown of this activity is illustrated in the table below:

Metropolitan Transportation Commission's Statement of Activities ($000)

	Governmental Activities			Business-Type Activities			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Revenues:									
Program revenues:									
Charges for services	$ -	$ -	$ -	$ 486,889	$ 492,963	$ 497,712	$ 486,889	$ 492,963	$ 497,712
Operating grants and contributions	249,436	146,844	207,496	131,872	53,490	110,372	381,308	200,334	317,868
Capital grants and contributions	10,673	-	9,858	-	-	-	10,673	-	9,858
General revenues:									
Investment earnings	2,185	5,785	11,390	(14,865)	149	116,704	(12,680)	5,934	128,094
Total revenues	262,294	152,629	228,744	603,896	546,602	724,788	866,190	699,231	953,532
Expenses:									
General government	97,260	86,672	85,202	-	-	-	97,260	86,672	85,202
Allocations to other agencies	54,852	99,153	152,999	-	-	-	54,852	99,153	152,999
Toll bridge activities	-	-	-	1,266,615	1,299,135	1,234,968	1,266,615	1,299,135	1,234,968
Congestion relief	-	-	-	17,309	14,363	13,675	17,309	14,363	13,675
Total expenses	152,112	185,825	238,201	1,283,924	1,313,498	1,248,643	1,436,036	1,499,323	1,486,844
Inc/(Dec) in net assets before transfers	110,182	(33,196)	(9,457)	(680,028)	(766,896)	(523,855)	(569,846)	(800,092)	(533,312)
Transfers in (out)	36,314	28,003	28,922	(36,314)	(28,003)	(28,922)	-	-	-
Increase (decrease) in net assets	146,496	(5,193)	19,465	(716,342)	(794,899)	(552,777)	(569,846)	(800,092)	(533,312)
Net assets / (deficit) - Beginning	307,725	312,918	293,454	(2,997,755)	(2,202,856)	(1,650,079)	(2,690,030)	(1,889,938)	(1,356,625)
Net assets / (deficit) - Ending	$ 454,221	$ 307,725	$ 312,919	$ (3,714,097)	$ (2,997,755)	$ (2,202,856)	$ (3,259,876)	$ (2,690,030)	$ (1,889,937)

Management does not believe that Governmental Funds and Business-Type Activities are comparable for analytical purposes. While the combined schedules show a total picture of MTC responsibilities, the two activities must be seen in their respective parts to evaluate MTC's financial results. State and federal laws restrict MTC's various funding sources to specific responsibilities that cannot be combined or commingled. Additional explanation is included in the business-type activities as well as the schedule of governmental funds.

F. Financial Analysis of Business-Type Activities

The following table shows the results of operations for the last three years.

Business-Type Activities ($000)

	Bay Area Toll Authority			MTC SAFE			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Revenues:									
Toll revenues collected by Caltrans	$ 466,086	$ 470,136	$ 477,377	$ -	$ -	$ -	$ 466,086	$ 470,136	$ 477,377
Other operating revenues	14,926	16,829	14,309	5,877	5,998	6,026	20,803	22,827	20,335
Total revenues	481,012	486,965	491,686	5,877	5,998	6,026	486,889	492,963	497,712
Operating expenses:									
Operating expenses incurred by Caltrans	27,226	28,610	30,271	-	-	-	27,226	28,610	30,271
Other operating expenses	78,535	72,963	70,820	13,235	13,630	13,698	91,770	86,593	84,518
Total operating expenses	105,761	101,573	101,091	13,235	13,630	13,698	118,996	115,203	114,789
Operating income/(loss)	375,251	385,392	390,595	(7,358)	(7,632)	(7,672)	367,893	377,760	382,923
Non-operating revenues/(expenses)									
Investment income (charges)	(14,874)	21	116,134	9	128	570	(14,865)	149	116,704
BABs interest subsidy	18,682	-	-	-	-	-	18,682	-	-
Interest expense	(224,821)	(197,742)	(191,859)	-	-	-	(224,821)	(197,742)	(191,859)
Financing fees	(14,740)	(14,442)	(7,622)	-	-	-	(14,740)	(14,442)	(7,622)
Loss on swap termination	(80,588)	-	-	-	-	-	(80,588)	-	-
Other non-operating expense	(2,243)	(2,333)	(1,387)	-	-	-	(2,243)	(2,333)	(1,387)
Operating grants	102,239	46,244	102,832	10,952	7,247	7,540	113,191	53,491	110,372
Distrib to other agencies for capital purposes	(838,462)	(983,046)	(933,009)	(3,920)	(733)	-	(842,382)	(983,779)	(933,009)
Other	-	-	-	(155)	-	23	(155)	-	23
Total nonoperating revenues (expenses)	(1,054,807)	(1,151,298)	(914,911)	6,886	6,642	8,133	(1,047,921)	(1,144,656)	(906,778)
Income/(loss) before transfers	(679,556)	(765,906)	(524,316)	(472)	(990)	461	(680,028)	(766,896)	(523,855)
Transfers	(34,663)	(26,710)	(27,208)	(1,651)	(1,293)	(1,714)	(36,314)	(28,003)	(28,922)
Change in net assets	(714,219)	(792,616)	(551,524)	(2,123)	(2,283)	(1,253)	(716,342)	(794,899)	(552,777)
Total net assets / (deficit) – beginning	(3,018,464)	(2,225,848)	(1,674,324)	20,709	22,992	24,245	(2,997,755)	(2,202,856)	(1,650,079)
Total net assets / (deficit) – ending	$ (3,732,683)	$ (3,018,464)	$ (2,225,848)	$ 18,586	$ 20,709	$ 22,992	$ (3,714,097)	$ (2,997,755)	$ (2,202,856)

BATA is the largest of MTC's business-type activities and one of the largest and highest-rated toll enterprises in the country.

BATA's toll revenue decreased by $4,050 in 2010 and decreased by $7,241 in 2009. The total number of paid toll vehicles for all bridges decreased by .85 percent in 2010 after a drop of 1.3 percent in fiscal 2009. The San Francisco Bay Bridge was closed on Labor Day to install the last piece of a temporary bypass. The bridge was also closed for several days for emergency eyebar repair. The two events resulted in estimated revenue loss of $3 million in fiscal 2010. BATA believes the decrease in paid traffic for fiscal 2009 was related to economic conditions. Detailed traffic counts are available in the Statistical Section, Table 8.

BATA's other operating revenue, consisting primarily of toll violation payments, decreased by $1,903 in 2010 compared to an increase of $2,520 in 2009. The decrease in 2010 is due to the fact that the collection of violation penalties is current whereas the 2009 included collections from prior years due to increased efforts in the collection of violation penalties. As an added means of controlling toll evasion, BATA installed a new violation system that was implemented in February 2010.

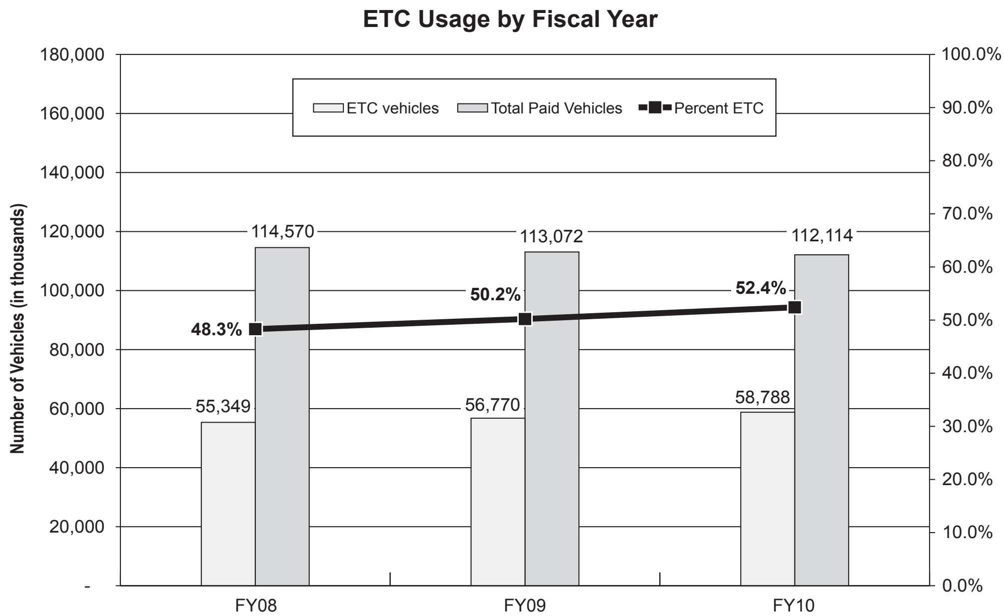
BATA's total operating expenses rose by $4,188 or 4.1 percent in 2010 and $482 or .5 percent increase for 2009. The main component of the increase in 2010 is due to an increase in the purchase of toll tags of $3,868. This increase in demand is in anticipation of charging a toll for carpoolers effective July 1, 2010. In 2009, the increase is mainly due to an increase in the salaries and benefits of $422.

BATA's investment income for 2010 decreased by $(14,895) compared to a decrease of $116,113 in 2009. The decrease in both years was due to a combination of lower interest rates and lower cash balances. In 2010 interest income was $8,678 and offset by $23,552 of unrealized loss on hedge termination. In 2009 interest income was $38,740 and offset by $38,719 of unrealized loss on hedge termination. The $23,552 and $38,719 in 2010 and 2009, respectively, represent a charge for the change in the market valuation of the swaps that no longer qualify for hedge accounting as discussed in Note 1.S to the financial statements. BATA's BABs interest subsidy includes the federal subsidy from the US government for BATA's first BABs issuance in November 2009.

BATA's interest expense increased by $27,079 and $5,883 for fiscal 2010 and 2009, respectively. The issuance of the new 2009 Series F2 fixed rate bonds contributed to the increase in fiscal 2010. This increase is offset by the lower swap interest expense payment caused by the termination of the Ambac swap contract in July 2009. As a result of the contract termination with Ambac, BATA recognized a loss in swap termination expense of $80,588 in fiscal 2010. In 2009, the increase was caused by higher swap interest expense.

BATA's financing fees and other non-operating expense increased by $208 and $7,766 in 2010 and 2009, respectively. The increase in fiscal 2010 is due to the increase in the liquidity fees. The combination of the liquidity fee increases and the additional facility fees from the new refunding and reoffering of variable bonds are the factors for the increase for 2009.

Revenue collections from the FasTrak® electronic toll program continue to increase. Electronic toll collection (ETC) revenue comprised 52.4 percent of the total paid vehicles in fiscal 2010 compared to 50.2 percent in the prior fiscal year. The graph on the next page illustrates the increase in electronic toll collection usage for the last three years.



The growth in ETC processing has had the positive impact of improving traffic flow on the bridges, but has experienced an increase in toll violations.

MTC SAFE operating revenues (DMV fees) decreased by $121 or 2.0 percent in fiscal year 2010 and by $28 or 0.5 percent in 2009. In fiscal 2010,the most revenue decreased is from Santa Clara County, while in fiscal 2009 the largest revenue loss was from San Mateo County.

Operating expense for MTC SAFE decreased by $395 or 2.9 percent in 2010 and by $68 or 0.5 percent in 2009. The net decrease in operating expense for fiscal 2010 is due to several expense areas: lower towing costs of $287 due to lower fuel costs; a decrease of $223 and $27 in professional fees and in other operating expense respectively. There were additional callboxes installed to create an increase in expense of $33 in repairs and maintenance, $24 increase in communication charges, and an increase of $74 in depreciation and amortization. There was also an increase in salaries and benefits of $11. The 2009 decrease was mainly due to a decrease in professional fees.

Interest income decreased by $119 in fiscal 2010 and decreased by $442 in fiscal 2009. The decreased in both years were mainly due to low interest rates and lower cash balances.

G. Financial Analysis of Governmental Funds

The fund balance of the MTC governmental funds was $442,169 and $295,069 as of June 30, 2010 and 2009, respectively, as reported under the modified accrual basis of accounting. The fund balance includes nonspendable amounts of $763 and $593 for prepaid items in fiscal 2010 and 2009, respectively, and restricted amounts of $417,864 and $273,880 for transportation and rail projects for fiscal 2010 and 2009, respectively. The committed amounts of $12,534 and $10,386 for fiscal 2010 and 2009, respectively, represent amounts designated by the Commission for specific or other designated purposes. The unassigned fund balance of $11,009 and $10,210 for fiscal 2010 and 2009, respectively, represents unassigned funds available for appropriation at the discretion of the MTC Board.

The following table illustrates the revenues and expenditures for the past three fiscal years. Refer to page 24 for the reconciliation of the governmental funds to the Statement of Activities.

	Governmental Funds ($000)		
	2010	2009	2008
Revenues:			
Sales taxes	$ 8,824	$ 9,848	$ 10,799
Grants - Federal	63,559	41,426	50,727
Grants - State	148,976	61,796	127,565
Local agencies revenues and refunds	46,755	33,774	33,262
Investment income	2,185	5,785	12,800
Total revenues	270,299	152,629	235,153
Expenditures:			
Current:			
General government	70,100	64,358	74,153
Allocations to other agencies	66,875	107,027	163,424
Capital outlay	22,538	13,542	15,743
Total expenditures	159,513	184,927	253,320
Transfers in	36,314	28,003	75,922
Net change in fund balance	147,100	(4,295)	57,755
Fund balance - beginning	295,069	299,364	241,609
Fund balance - ending	$ 442,169	$ 295,069	$ 299,364

Total revenue increased $117,670 or 77.1 percent in 2010 and decreased by $82,524 or 35.1 percent in fiscal 2009. The total revenue increase in fiscal 2010 is mainly due to the STA revenue increase of $88,480 from fiscal year 2009. The State of California released these funds in late June 2010. This revenue will be budgeted for expenditure in fiscal 2011. The State of California reduced the STA revenue by one half and retained the other half for its budget for fiscal 2009. MTC's sales tax revenue decreased by $1,024 or 10.4 percent in fiscal 2010 compared to a decrease of $951 or 8.8 percent in fiscal 2009. All nine counties' sales tax revenue for fiscal 2010 decreased from the previous fiscal year. All nine counties have been adversely affected by the slowdown in retail sales. Overall, governmental fund expenditures dropped by $25,414 in 2010 and dropped by $68,393 in 2009. General government expenditures increased by $5,742 in 2010 due to an increase in Surface Transportation Program reimbursement activity of $4,508 for the Congestion Management Agencies and a contribution of $710 to the OPEB trust account in fiscal 2010. The 2009 general government expenditures decreased by $9,795 due mostly to pre-funding the Other Post Employment Benefit (OPEB) liability. More information on the pre-funding of the OPEB liability is provided in Note 9 to the financial statements. Allocations to other agencies decreased by $40,152 or 37.5 percent for fiscal 2010 compared to a decrease of $56,397 or 34.5 percent for fiscal 2009. The decrease in 2010 is due to late release of STA funding in June 2010, which decreased STA allocations in fiscal 2010. The decrease in 2009 is due to State budget cuts for the State Transit Assistance program.

The capital outlay expenditures increased by $8,996 in fiscal 2010 and decreased by $2,201 in fiscal 2009. The increase in 2010 is largely due to the San Francisco Faregate project funded by the ARRA capital grant. The decrease in 2009 is due to the completion of the MetroCenter seismic retrofit project in August 2008.

Transfers increased by $8,311 in 2010 as a result of an RM 2 allocation to fund TransLink operating and capital expenditures in fiscal 2010. The decrease of $47,919 in 2009 is mainly the result of MTC receiving $47,000 as proceeds from the BART loan assignment in 2008. Under the agreement, MTC assigned the balance of the BART loan to BATA in exchange for an up-front payment.

The change in net assets presented in the Statement of Activities for governmental activities has increased as well. Net assets for governmental funds were $454,221 and $307,725 for fiscal years 2010 and 2009, respectively. Program revenues increased by $113,265 or 77.1 percent in 2010, and decreased by $70,510 or 32.4 percent in fiscal 2009. For 2010, the increase was due to increases in transportation operating grants and general government revenues of $87,180 and $15,412, respectively, and the receipt of an American Recovery and Reinvestment Act (ARRA) Capital Grant of $10,673. For 2009, the decrease was mainly due to a decrease in transportation operating grant revenue of $55,911.

H. General Fund Budget

The MTC general fund budget was amended by $17 million in increased revenue and approximately $16 million in additional expenditures. The actual revenue-to-expenditure balance for 2010 reflects a small deficit of $259.

The following provides a condensed view of the final budgeted results compared to actual results for the year ended June 30, 2010.

	General Fund ($000)			
	Adopted Budget	Final Budget	Actual	Variance
Revenues	$ 94,193	$ 111,132	$ 55,188	$ (55,945)
Expenditures	122,361	138,742	69,392	69,350
Excess/(Deficiency)	(28,168)	(27,610)	(14,204)	13,405
Transfers in	25,943	26,069	13,945	(12,124)
Net change in fund balance	(2,225)	(1,541)	(259)	1,281
Fund balance - beginning	19,725	19,725	19,725	-
Fund balance - ending	$ 17,500	$ 18,184	$ 19,466	$ 1,281

MTC's federal and state funding sources are on a reimbursement basis so it is not unusual for revenue to lag behind the budget. Actual expenditures were also well below budget because several major programs were budgeted but were not completed during the fiscal year.

I. Capital Asset Administration

MTC's investment in capital assets for all funds, governmental and proprietary, is $26,145 for fiscal 2010 and $21,222 for fiscal 2009, as reported under the accrual basis of accounting. Most of the $4,923 increase in fiscal 2010 is due to the capitalization of the new toll collection system that is being developed. Most of the fiscal 2009 increase of $4,161 includes new costs of $2,183 for a new violations system and $1,866 for new call boxes. Additional information on MTC's capital assets is disclosed in Note 4 of the financial statements. Assets relating to the seven state-owned bridges administered by BATA are recorded by Caltrans.

J. Long-Term Debt Administration

BATA issued $1.3 billion of Federally Taxable Build America Bonds (BABs) Toll Revenue Bonds under the American Recovery and Reinvestment Act of 2009. BATA will receive a direct Federal Subsidy payment in the amount equal to 35% of the BABs' interest expense. BATA received its first Federal Subsidy payment in February 2010 of $11,557. BATA terminated its swaps with Ambac in July 2009 for $105 million. The bonds covered by these swaps were subsequently refunded in August 2009.

Component Unit – BAIFA In December 2006, BATA entered into a contribution agreement with the BAIFA. Under the contribution agreement, BATA pledged and assigned its rights to future scheduled payments of $1,135,000 from the State of California to BAIFA. Annual payments to BAIFA are scheduled through year 2014. The amount represents a part of the state's share of the Seismic Retrofit and Replacement Program. In the same month, BAIFA issued State Payment Acceleration Notes (SPANs) of $972,320. BAIFA deposited a portion of the bond proceeds of $887,991 in the project fund for reimbursement to BATA for the seismic project expenses in return for the pledged revenues. BAIFA used the remaining note proceeds for deposit in the Pledged Revenue Fund, Reserve Fund or payment for the cost of issuance. BAIFA has already reimbursed BATA for all the proceeds from the SPANs in the project fund for the costs of seismic retrofit projects. BAIFA also has received $367,000 of the $1,135,000 revenue scheduled to be paid by the state through BATA.

Additional information on MTC's long-term debt can be found in Note 5 of this report.

K. Economic Factors Impacting MTC

The Bay Area economy has been impacted by high unemployment and a record high number of home foreclosures, but retail sales have increased from the prior year. These impacts include:

- A 10.4 percent decrease in sales tax revenue for the combined nine Bay Area counties for fiscal 2010 shows two straight declining years in a row for sales tax revenue. This was preceded by increases in sales tax revenue since fiscal year 2004. Sales tax revenue for fiscal 2011 is projected to be lower than fiscal year 2010.
- The economy continues to show signs of a weak recovery. Home sales are still slow and most mortgage loans are for refinancing.
- Federal authorization could increase MTC's planning funds.
- Unemployment in the Bay Area is a continued concern as it is 10.8 percent as of June 2010.
- The condition of the State of California's budget can potentially have a cash flow impact on MTC.
- Local governments and transit operators also continue to struggle to balance their budgets with lower expected revenues.

Requests for information

This financial report is designed to provide a general overview of the Metropolitan Transportation Commission's financial position for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Metropolitan Transportation Commission, 101 8th Street, Oakland, CA 94607.

Metropolitan Transportation Commission
Statement of Net Assets
June 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bay Area Infrastructure Financing Authority
ASSETS AND DEFERRED OUTFLOWS				
Cash and cash equivalents - unrestricted	$ 247,501,899	$ 1,419,466,930	$ 1,666,968,829	$ -
Cash and cash equivalents - restricted	41,768,267	187,310,953	229,079,220	142,614,085
Investments - unrestricted	93,037,722	578,448,251	671,485,973	-
Investments - restricted	52,087,090	418,771,035	470,858,125	30,857,307
Receivables:				
Accounts receivable	155,479	2,662,508	2,817,987	-
Due from Bay Area Toll Authority	-	-	-	546,066,041
Interest	174,232	14,435,084	14,609,316	493,145
State/Caltrans funding	3,828,978	4,888,325	8,717,303	-
Funding due from federal agency	31,285,855	476,655	31,762,510	-
Prepaid items	762,512	542,325	1,304,837	-
Bond issuance costs	-	72,837,271	72,837,271	8,011,028
Loan to other agency	29,000,000	-	29,000,000	-
OPEB Prefunding	7,384,385	-	7,384,385	-
Deferred outflows on derivative instruments	-	263,198,577	263,198,577	-
Derivative instruments - asset	-	10,328,500	10,328,500	-
Capital assets (net of accumulated depreciation)	7,946,217	18,198,837	26,145,054	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	514,932,636	2,991,565,251	3,506,497,887	728,041,606
LIABILITIES AND DEFERRED INFLOWS				
Accounts payable and accrued liabilities	27,478,849	62,154,298	89,633,147	-
Accrued interest payable	-	60,322,464	60,322,464	15,468,666
Security trade payable	-	30,000,000	30,000,000	-
Unearned revenue	-	42,198,309	42,198,309	-
Due to Caltrans	-	38,765,314	38,765,314	-
Noncurrent liabilities:				
Long term debt				
Due within one year	-	36,990,000	36,990,000	17,020,000
Due in more than one year	-	5,564,437,681	5,564,437,681	768,444,247
Due to / (from) other funds				
Due within one year	8,954,476	(8,954,476)	-	-
Due in more than one year	21,000,000	(21,000,000)	-	-
Due to BAIFA				
Due within one year	-	152,975,580	152,975,580	-
Due in more than one year	-	393,090,461	393,090,461	-
Other noncurrent liabilities				
Due within one year	1,449,686	-	1,449,686	-
Due in more than one year	1,828,756	354,682,318	356,511,074	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	60,711,767	6,705,661,949	6,766,373,716	800,932,913
NET ASSETS / (DEFICIT)				
Invested in capital assets, net of related debt	7,935,616	18,198,837	26,134,453	-
Restricted for:				
Capital projects	423,910,614	-	423,910,614	-
Debt reserve, under debt covenant	-	150,000,000	150,000,000	-
Extraordinary loss reserve, under debt covenant	-	50,000,000	50,000,000	-
Long-term loan/interest receivable	29,000,000	-	29,000,000	-
OPEB Prefund	7,384,385	-	7,384,385	-
STA Reserve	2,734,027	-	2,734,027	-
Other purposes	4,515,294	-	4,515,294	-
Unrestricted	(21,259,067)	(3,932,295,535)	(3,953,554,602)	(72,891,307)
TOTAL NET ASSETS / (DEFICIT)	$ 454,220,869	$(3,714,096,698)	$(3,259,875,829)	$ (72,891,307)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Bay Area Infrastructure Financing Authority
ASSETS AND DEFERRED OUTFLOWS				
Cash and cash equivalents - unrestricted	$ 157,869,248	$ 1,278,680,265	$ 1,436,549,513	$ -
Cash and cash equivalents - restricted	33,474,213	170,425,911	203,900,124	145,790,186
Investments - unrestricted	71,189,603	304,158,733	375,348,336	7,389,302
Investments - restricted	37,479,064	356,914,890	394,393,954	-
Receivables:				
Accounts and tolls due	3,222,663	2,651,583	5,874,246	-
Due from Bay Area Toll Authority	-	-	-	645,066,041
Interest	480,507	3,783,895	4,264,402	201,910
State/Caltrans funding	22,568,658	5,079,760	27,648,418	-
Federal funding	21,801,933	128,131	21,930,064	-
Prepaid items	593,062	659,561	1,252,623	-
Bond issuance costs	-	51,150,241	51,150,241	9,141,996
Loan to other agency	37,000,000	-	37,000,000	-
OPEB Prefunding	7,384,385	-	7,384,385	-
Deferred outflows on derivative instruments	-	334,053,518	334,053,518	-
Capital assets (net of accumulated depreciation)	8,442,776	12,779,093	21,221,869	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	401,506,112	2,520,465,581	2,921,971,693	807,589,435
LIABILITIES				
Accounts payable and accrued liabilities	51,126,618	51,063,283	102,189,901	-
Accrued interest payable	-	29,040,711	29,040,711	16,157,583
Unearned revenue	-	40,365,033	40,365,033	-
Due to Caltrans	-	84,437,837	84,437,837	-
Noncurrent liabilities:				
Long term debt				
Due within one year	-	42,530,000	42,530,000	8,720,000
Due in more than one year	-	4,250,198,871	4,250,198,871	823,109,258
Due to / (from) other funds				
Due within one year	10,483,185	(10,483,185)	-	-
Due in more than one year	29,000,000	(29,000,000)	-	-
Due to BAIFA				
Due within one year	-	99,024,420	99,024,420	-
Due in more than one year	-	546,041,621	546,041,621	-
Other noncurrent liabilities				
Due within one year	1,491,968	-	1,491,968	-
Due in more than one year	1,679,213	415,001,535	416,680,748	-
TOTAL LIABILITIES	93,780,984	5,518,220,126	5,612,001,110	847,986,841
NET ASSETS / (DEFICIT)				
Invested in capital assets, net of related debt	8,392,231	12,779,093	21,171,324	-
Restricted for:				
Capital projects	276,683,298	-	276,683,298	-
RM 2 program reserve	-	93,873,317	93,873,317	-
Debt reserve, under debt covenant	-	150,000,000	150,000,000	-
Extraordinary loss reserve, under debt covenant	-	50,000,000	50,000,000	-
Long-term loan/interest receivable	37,000,000	-	37,000,000	-
OPEB Prefund	7,384,385	-	7,384,385	-
STA Reserve	5,086,117	-	5,086,117	-
Other purposes	3,089,763	-	3,089,763	-
Unrestricted	(29,910,666)	(3,304,406,955)	(3,334,317,621)	(40,397,406)
TOTAL NET ASSETS / (DEFICIT)	$ 307,725,128	$(2,997,754,545)	$(2,690,029,417)	$ (40,397,406)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2010

	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
						Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total	Bay Area Infrastructure Financing Authority
Functions:									
Primary Government:									
Governmental Activities:									
General government	$ 97,259,761	$ -	$ 100,460,127	$ 10,672,699	$ 111,132,826	$ 13,873,065	$ -	$ 13,873,065	$ -
Transportation	54,851,617	-	148,975,842	-	148,975,842	94,124,225	-	94,124,225	-
Total Governmental Activities	152,111,378	-	249,435,969	10,672,699	260,108,668	107,997,290	-	107,997,290	-
Business-type Activities:									
Toll bridge activities	1,266,614,630	481,011,541	120,920,173	-	601,931,714	-	(664,682,916)	(664,682,916)	-
Congestion relief	17,309,069	5,877,350	10,952,027	-	16,829,377	-	(479,692)	(479,692)	-
Total Business-type Activities	1,283,923,699	486,888,891	131,872,200	-	618,761,091	-	(665,162,608)	(665,162,608)	-
Total Primary Government	$ 1,436,035,077	$ 486,888,891	$ 381,308,169	$ 10,672,699	$ 878,869,759	107,997,290	(665,162,608)	(557,165,318)	-
Component Units:									
BAIFA	$ 34,014,910	$ -	$ 1,521,009	$ -	$ 1,521,009				$ (32,493,901)
General Revenues:									
Restricted investment earnings						221,925	-	221,925	-
Unrestricted investment earnings						1,962,684	(14,865,703)	(12,903,019)	-
Transfers						36,313,842	(36,313,842)	-	-
Total General Revenues and Transfers						38,498,451	(51,179,545)	(12,681,094)	-
Change in Net Assets						146,495,741	(716,342,153)	(569,846,412)	(32,493,901)
Net Assets - Beginning						307,725,128	(2,997,754,545)	(2,690,029,417)	(40,397,406)
Net Assets - Ending						$ 454,220,869	$(3,714,096,698)	$(3,259,875,829)	$ (72,891,307)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Activities
For the Year Ended June 30, 2009

	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
						Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Program Revenues	Governmental Activities	Business-type Activities	Total	Bay Area Infrastructure Financing Authority
Functions:									
Primary Government:									
Governmental Activities:									
General government	$ 86,671,886	$ -	$ 85,047,714	$ -	$ 85,047,714	$ (1,624,172)	$ -	$ (1,624,172)	$ -
Transportation	99,153,429	-	61,795,988	-	61,795,988	(37,357,441)	-	(37,357,441)	-
Total Governmental Activities	185,825,315	-	146,843,702	-	146,843,702	(38,981,613)	-	(38,981,613)	-
Business-type Activities:									
Toll bridge activities	1,299,135,147	486,964,565	46,243,663	-	533,208,228	-	(765,926,919)	(765,926,919)	-
Congestion relief	14,363,137	5,998,475	7,246,653	-	13,245,128	-	(1,118,009)	(1,118,009)	-
Total Business-type Activities	1,313,498,284	492,963,040	53,490,316	-	546,453,356	-	(767,044,928)	(767,044,928)	-
Total Primary Government	$ 1,499,323,599	$ 492,963,040	$ 200,334,018	$ -	$ 693,297,058	(38,981,613)	(767,044,928)	(806,026,541)	-
Component Units:									
BAIFA	$ 35,210,049	$ -	$ 3,541,026	$ -	$ 3,541,026				$ (31,669,023)
General Revenues:									
Restricted investment earnings						783,516	-	783,516	-
Unrestricted investment earnings						5,001,515	149,000	5,150,515	-
Transfers						28,002,792	(28,002,792)	-	-
Total General Revenues and Transfers						33,787,823	(27,853,792)	5,934,031	-
Change in Net Assets						(5,193,790)	(794,898,720)	(800,092,510)	(31,669,023)
Net Assets - Beginning						312,918,918	(2,202,855,825)	(1,889,936,907)	(8,728,383)
Net Assets - Ending						$ 307,725,128	$(2,997,754,545)	$(2,690,029,417)	$ (40,397,406)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet – Governmental Funds
June 30, 2010

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents - unrestricted	$ 7,487,876	$ 11,137,255	$ 179,395,664	$ 278,413	$ 49,202,691	$ 247,501,899
Cash and cash equivalents - restricted	-	-	-	-	41,768,267	41,768,267
Investments - unrestricted	213,469	23,885,538	-	-	68,938,715	93,037,722
Investments - restricted	-	-	-	-	52,087,090	52,087,090
Receivables						
Accounts	155,479	-	-	-	-	155,479
Interest	1,419	9,690	70,246	-	92,877	174,232
State/Caltrans funding	3,173,380	-	-	655,598	-	3,828,978
Federal funding	20,140,156	-	-	11,145,699	-	31,285,855
Due from other funds	10,130,650	-	-	1,679,465	49,030	11,859,145
Prepaid items	762,512	-	-	-	-	762,512
TOTAL ASSETS	$ 42,064,941	$ 35,032,483	$ 179,465,910	$ 13,759,175	$ 212,138,670	$ 482,461,179
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenditures	$ 17,968,388	$ 1,707,595	$ 1,608,152	$ 5,213,896	$ 980,818	$ 27,478,849
Due to other funds	4,630,172	86,241	804,298	6,913,131	379,779	12,813,621
TOTAL LIABILITIES	22,598,560	1,793,836	2,412,450	12,127,027	1,360,597	40,292,470
FUND BALANCES						
Nonspendable:						
Prepaid items	762,513	-	-	-	-	762,513
Restricted for:						
Transportation projects	2,734,027	33,238,647	177,053,460	1,119,417	11,068,077	225,213,628
Rail projects	-	-	-	-	192,649,898	192,649,898
Committed to:						
Benefits reserve	514,681	-	-	-	-	514,681
Building reserve	-	-	-	499,769	-	499,769
Liability reserve	2,738,331	-	-	-	-	2,738,331
Transportation projects	1,708,055	-	-	12,962	7,060,098	8,781,115
Unassigned:						
Unassigned	11,008,774	-	-	-	-	11,008,774
TOTAL FUND BALANCES	19,466,381	33,238,647	177,053,460	1,632,148	210,778,073	442,168,709
TOTAL LIABILITIES AND FUND BALANCES	$ 42,064,941	$ 35,032,483	$ 179,465,910	$ 13,759,175	$ 212,138,670	$ 482,461,179

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets
For the Year Ended June 30, 2010

Governmental fund balance	$	442,168,709
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		7,946,217
Other Post Employment Benefit (OPEB) Prefund Assets		7,384,385
Capital leases are not due and payable in the current period and therefore are not reported in the funds		(10,601)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds		(3,267,841)
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds		29,000,000
Other long-term liabilities are not available for current-period expenditures and, therefore, are deferred in the funds		(29,000,000)
Net assets of governmental activities	$	454,220,869

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Balance Sheet – Governmental Funds
June 30, 2009

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents - unrestricted	$ 16,263,181	$ 21,202,758	$ 60,625,710	$ 899,681	$ 58,877,918	$ 157,869,248
Cash and cash equivalents - restricted	-	-	-	-	33,474,213	33,474,213
Investments - unrestricted	211,505	18,081,582	-	-	52,896,516	71,189,603
Investments - restricted	-	-	-	-	37,479,064	37,479,064
Receivables						
Accounts	240,577	-	2,149,409	-	832,677	3,222,663
Interest	793	17,820	325,000	-	136,894	480,507
State/Caltrans funding	3,279,083	-	19,242,333	47,242	-	22,568,658
Federal funding	13,166,457	-	-	8,635,476	-	21,801,933
Due from other funds	6,939,514	-	-	1,756,466	210,076	8,906,056
Prepaid items	593,062	-	-	-	-	593,062
TOTAL ASSETS	$ 40,694,172	$ 39,302,160	$ 82,342,452	$ 11,338,865	$ 183,907,358	$ 357,585,007
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenditures	$ 17,369,779	$ 5,311,554	$ 23,319,116	$ 4,101,532	$ 1,024,637	$ 51,126,618
Due to other funds	3,599,261	99,751	1,347,040	5,495,453	847,736	11,389,241
TOTAL LIABILITIES	20,969,040	5,411,305	24,666,156	9,596,985	1,872,373	62,515,859
FUND BALANCES						
Nonspendable:						
Prepaid items	593,062	-	-	-	-	593,062
Restricted for:						
Transportation projects	5,086,117	33,890,855	57,676,296	1,229,130	9,969,239	107,851,637
Rail projects	-	-	-	-	166,028,389	166,028,389
Committed to:						
Benefits reserve	1,223,564	-	-	-	-	1,223,564
Building reserve	-	-	-	499,769	-	499,769
Liability reserve	773,368	-	-	-	-	773,368
Transportation projects	1,839,051	-	-	12,981	6,037,357	7,889,389
Unassigned:						
Unassigned	10,209,970	-	-	-	-	10,209,970
TOTAL FUND BALANCES	19,725,132	33,890,855	57,676,296	1,741,880	182,034,985	295,069,148
TOTAL LIABILITIES AND FUND BALANCES	$ 40,694,172	$ 39,302,160	$ 82,342,452	$ 11,338,865	$ 183,907,358	$ 357,585,007

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets
For the Year Ended June 30, 2009

Governmental fund balance	$ 295,069,148
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	8,442,776
Other Post Employment Benefit (OPEB) Prefund Asset	7,384,385
Capital leases are not due and payable in the current period and therefore are not reported in the funds	(50,545)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds	(3,120,636)
Other long-term assets are not available for current-period expenditures and, therefore, are deferred in the funds	37,000,000
Other long-term liabilities are not available for current-period expenditures and, therefore, are deferred in the funds	(37,000,000)
Net assets of governmental activities	$ 307,725,128

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2010

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Sales taxes	$ 8,585,151	$ -	$ -	$ 238,830	$ -	$ 8,823,981
Grants - Federal	41,200,347	-	-	22,358,830	-	63,559,177
Grants - State	1,609,771	-	144,121,071	220,194	3,024,806	148,975,842
Local agencies revenues and refunds	3,769,473	-	1,730,000	479,185	40,776,155	46,754,813
Investment income - unrestricted	22,697	58,126	565,668	878	1,315,315	1,962,684
Investment income - restricted	-	-	-	-	221,925	221,925
TOTAL REVENUES	55,187,439	58,126	146,416,739	23,297,917	45,338,201	270,298,422
EXPENDITURES						
Current:						
General government	57,110,712	3,604	-	3,143,246	9,841,975	70,099,537
Allocations to other agencies	12,023,809	11,409,489	26,679,901	-	16,762,227	66,875,426
Capital outlay	257,094	-	-	22,280,646	-	22,537,740
TOTAL EXPENDITURES	69,391,615	11,413,093	26,679,901	25,423,892	26,604,202	159,512,703
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(14,204,176)	(11,354,967)	119,736,838	(2,125,975)	18,733,999	110,785,719
OTHER FINANCING SOURCES (USES)						
Transfers in	17,041,056	10,722,759	3,095,631	2,023,243	11,312,123	44,194,812
Transfers out	(3,095,631)	(20,000)	(3,455,305)	(7,000)	(1,303,034)	(7,880,970)
TOTAL OTHER FINANCING SOURCES (USES)	13,945,425	10,702,759	(359,674)	2,016,243	10,009,089	36,313,842
NET CHANGE IN FUND BALANCES	(258,751)	(652,208)	119,377,164	(109,732)	28,743,088	147,099,561
Fund balances - beginning	19,725,132	33,890,855	57,676,296	1,741,880	182,034,985	295,069,148
Fund balances - ending	$ 19,466,381	$ 33,238,647	$ 177,053,460	$ 1,632,148	$ 210,778,073	$ 442,168,709

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2009

	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
REVENUES						
Sales taxes	$ 9,678,324	$ -	$ -	$ 169,489	$ -	$ 9,847,813
Grants - Federal	31,541,171	-	-	9,884,801	-	41,425,972
Grants - State	2,658,926	-	56,142,205	-	2,994,857	61,795,988
Local agencies revenues and refunds	3,423,340	-	343,055	-	30,007,534	33,773,929
Investment income - unrestricted	157,624	622,863	1,452,171	532	2,768,325	5,001,515
Investment income - restricted	-	-	-	-	783,516	783,516
TOTAL REVENUES	47,459,385	622,863	57,937,431	10,054,822	36,554,232	152,628,733
EXPENDITURES						
Current:						
General government	57,672,098	4,005	-	203,306	6,478,379	64,357,788
Allocations to other agencies	7,873,335	14,362,740	80,325,647	-	4,465,042	107,026,764
Capital outlay	186,931	-	-	13,354,897	-	13,541,828
TOTAL EXPENDITURES	65,732,364	14,366,745	80,325,647	13,558,203	10,943,421	184,926,380
EXCESS/(DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES	(18,272,979)	(13,743,882)	(22,388,216)	(3,503,381)	25,610,811	(32,297,647)
OTHER FINANCING SOURCES (USES)						
Transfers in	20,783,977	10,881,735	2,047,373	4,194,993	19,775,204	57,683,282
Transfers out	(2,047,373)	-	(24,552,062)	(466,278)	(2,614,777)	(29,680,490)
TOTAL OTHER FINANCING SOURCES (USES)	18,736,604	10,881,735	(22,504,689)	3,728,715	17,160,427	28,002,792
NET CHANGE IN FUND BALANCES	463,625	(2,862,147)	(44,892,905)	225,334	42,771,238	(4,294,855)
Fund balances - beginning	19,261,507	36,753,002	102,569,201	1,516,546	139,263,747	299,364,003
Fund balances - ending	$ 19,725,132	$ 33,890,855	$ 57,676,296	$ 1,741,880	$ 182,034,985	$ 295,069,148

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities
For the Years Ended June 30, 2010 and 2009

	2010	2009
Net change in fund balances - total governmental funds (per Statement of Revenues, Expenditures and Changes in Fund Balances)	$ 147,099,561	$ (4,294,855)
Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeds (does not exceed) non capital lease capital outlays in the current period. See Note 1.M.	(491,414)	(412,301)
Proceeds from the sale of capital assets provide financial resources to governmental funds while only the gain on the sale is reported in the statement of activities. Therefore, the change in net assets differ from the change in fund balance by the cost of the capital asset sold or abandoned.	(5,145)	-
Repayment of the principal of the long-term receivable from BART is not recorded as a long term asset in the governmental funds. Loan advances (repayments received) to/from the agency were recorded as expenses (income) in the governmental fund but were capitalized as a long-term asset in the statement of net assets.	(8,000,000)	(5,000,000)
Repayment of Intra-equity loan between MTC and BATA.	8,000,000	5,000,000
Principal repayment on capital leases in an expenditure in the governmental funds; however, the principal element of the repayment reduces long-term liabilities in the statement of net assets. The amount is the effect of the differing treatment of capital lease principal repayment.	39,946	36,296
Some items do not require the use of current financial resources and, therefore, are not reported in the governmental funds:		
Other Post Employment Benefits prefunding	-	(347,480)
Compensated absences	(147,207)	(175,450)
Change in net assets of governmental activities (per Statement of Activities)	$ 146,495,741	$ (5,193,790)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Assets – Proprietary Funds
June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS			
Cash and cash equivalents - unrestricted	$ 1,411,743,219	$ 7,723,711	$ 1,419,466,930
Cash and cash equivalents - restricted	55,468,219	-	55,468,219
Short-term investments - unrestricted	493,183,551	105,325	493,288,876
Due from MTC	8,271,732	4,121,819	12,393,551
Accounts receivable	2,661,554	954	2,662,508
Accrued interest	14,434,762	322	14,435,084
Prepaid expenses	451,500	90,825	542,325
State/Caltrans funding	1,091,967	3,796,358	4,888,325
Funding due from federal agency	-	476,655	476,655
Total current assets	1,987,306,504	16,315,969	2,003,622,473
Non-current assets:			
Investments - unrestricted	85,159,375	-	85,159,375
Cash and cash equivalents - restricted	131,842,734	-	131,842,734
Investments - restricted	418,771,035	-	418,771,035
Due from MTC	21,000,000	-	21,000,000
Deferred outflows on derivative instruments	263,198,577	-	263,198,577
Derivative instruments - asset	10,328,500	-	10,328,500
Bond issuance costs	72,837,271	-	72,837,271
Capital assets, net of accumulated depreciation/amortization	14,207,717	3,991,120	18,198,837
Total non-current assets and deferred outflows	1,017,345,209	3,991,120	1,021,336,329
TOTAL ASSETS AND DEFERRED OUTFLOWS	3,004,651,713	20,307,089	3,024,958,802
LIABILITIES AND DEFERRED INFLOWS			
Current liabilities:			
Accounts payable	59,566,270	1,655,763	61,222,033
Accrued interest payable	60,322,464	-	60,322,464
Security Trade Payable	30,000,000	-	30,000,000
Due to MTC	3,374,161	64,914	3,439,075
Unearned revenue	42,198,309	-	42,198,309
Retentions payable	932,265	-	932,265
Long-term debt - current	36,990,000	-	36,990,000
Due to Caltrans	38,765,314	-	38,765,314
Due to Bay Area Infrastructure Financing Authority	152,975,580	-	152,975,580
Total current liabilities	425,124,363	1,720,677	426,845,040
Non-current liabilities:			
Patron deposits	4,588,401	-	4,588,401
Due to Bay Area Infrastructure Financing Authority	393,090,461	-	393,090,461
Long-term debt, net	5,564,437,681	-	5,564,437,681
Deferred inflows on derivative instruments	10,328,500	-	10,328,500
Derivative instruments - liability	339,765,417	-	339,765,417
Total non-current liabilities	6,312,210,460	-	6,312,210,460
TOTAL LIABILITIES AND DEFERRED INFLOWS	6,737,334,823	1,720,677	6,739,055,500
NET ASSETS / (DEFICIT)			
Invested in capital assets, net of related debt	14,207,717	3,991,120	18,198,837
Restricted for:			
Debt reserve, under debt covenant	150,000,000	-	150,000,000
Extraordinary loss reserve, under debt covenant	50,000,000	-	50,000,000
Unrestricted net assets	(3,946,890,827)	14,595,292	(3,932,295,535)
TOTAL NET ASSETS / (DEFICIT)	$(3,732,683,110)	$ 18,586,412	$(3,714,096,698)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Net Assets – Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
ASSETS AND DEFERRED OUTLFOWS			
Current assets:			
Cash and cash equivalents - unrestricted	$ 1,267,424,760	$ 11,255,505	$ 1,278,680,265
Cash and cash equivalents - restricted	53,702,557	-	53,702,557
Short-term investments - unrestricted	187,054,378	104,355	187,158,733
Due from MTC	8,000,000	3,014,612	11,014,612
Accounts receivable	2,030,575	5,000	2,035,575
Accrued interest	3,782,756	1,139	3,783,895
Prepaid expenses	581,881	77,680	659,561
State/Caltrans funding	1,354,747	3,725,013	5,079,760
Funding due from local agency	616,008	-	616,008
Funding due from federal agency	-	128,131	128,131
Total current assets	1,524,547,662	18,311,435	1,542,859,097
Non-current assets:			
Investments - unrestricted	117,000,000	-	117,000,000
Cash and cash equivalents - restricted	116,723,354	-	116,723,354
Investments - restricted	356,914,890	-	356,914,890
Due from MTC	29,000,000	-	29,000,000
Deferred outflows on derivative instruments	334,053,518	-	334,053,518
Bond issuance costs	51,150,241	-	51,150,241
Capital assets, net of accumulated depreciation/amortization	8,311,027	4,468,066	12,779,093
Total non-current assets and deferred outflows	1,013,153,030	4,468,066	1,017,621,096
TOTAL ASSETS AND DEFERRED OUTFLOWS	2,537,700,692	22,779,501	2,560,480,193
LIABILITIES			
Current liabilities:			
Accounts payable	48,466,639	1,940,381	50,407,020
Accrued interest payable	29,040,711	-	29,040,711
Due to MTC	531,427	-	531,427
Unearned revenue	40,365,033	-	40,365,033
Retentions payable	525,884	130,379	656,263
Long-term debt - current	42,530,000	-	42,530,000
Due to Caltrans	84,437,837	-	84,437,837
Due to Bay Area Infrastructure Financing Authority	99,024,420	-	99,024,420
Total current liabilities	344,921,951	2,070,760	346,992,711
Non-current liabilities:			
Patron deposits	3,941,108	-	3,941,108
Due to Bay Area Infrastructure Financing Authority	546,041,621	-	546,041,621
Long-term debt, net	4,250,198,871	-	4,250,198,871
Derivative instruments - fair value	411,060,427	-	411,060,427
Total non-current liabilities	5,211,242,027	-	5,211,242,027
TOTAL LIABILITIES	5,556,163,978	2,070,760	5,558,234,738
NET ASSETS / (DEFICIT)			
Invested in capital assets, net of related debt	8,311,027	4,468,066	12,779,093
Restricted for:			
RM 2 program reserve	93,873,317	-	93,873,317
Debt reserve, under debt covenant	150,000,000	-	150,000,000
Extraordinary loss reserve, under debt covenant	50,000,000	-	50,000,000
Unrestricted net assets	(3,320,647,630)	16,240,675	(3,304,406,955)
TOTAL NET ASSETS / (DEFICIT)	$(3,018,463,286)	$ 20,708,741	$(2,997,754,545)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission

Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds

For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES			
Toll revenues collected	$ 466,085,582	$ -	$ 466,085,582
Department of Motor Vehicles registration fees	-	5,877,350	5,877,350
Other operating revenues	14,925,959	-	14,925,959
TOTAL OPERATING REVENUES	481,011,541	5,877,350	486,888,891
OPERATING EXPENSES			
Operating expenses incurred by Caltrans	27,225,850	-	27,225,850
Towing contracts	-	8,477,792	8,477,792
Professional fees	31,549,310	1,394,922	32,944,232
Allocations to other agencies	28,057,784	-	28,057,784
Salaries and benefits	6,465,626	968,737	7,434,363
Repairs and maintenance	30,087	1,069,419	1,099,506
Communications charges	22,779	287,384	310,163
Depreciation and amortization	1,096,872	358,293	1,455,165
Other operating expenses	11,312,479	678,513	11,990,992
TOTAL OPERATING EXPENSES	105,760,787	13,235,060	118,995,847
OPERATING INCOME (LOSS)	375,250,754	(7,357,710)	367,893,044
NONOPERATING REVENUES (EXPENSES)			
Investment income (charge)	(14,874,294)	8,591	(14,865,703)
Build America Bonds (BABs) interest subsidy	18,681,136	-	18,681,136
Interest expense	(224,821,145)	-	(224,821,145)
Loss on swap termination	(80,587,911)	-	(80,587,911)
Financing fees	(14,740,035)	-	(14,740,035)
Other non-operating expense	(2,242,851)	-	(2,242,851)
Caltrans/other agency operating grants	102,239,037	6,893,037	109,132,074
Federal operating grants	-	4,058,990	4,058,990
Distributions to other agencies for their capital purposes	(155,403,666)	(152,648)	(155,556,314)
Distributions to Caltrans for their capital purposes	(683,058,235)	(3,766,860)	(686,825,095)
Loss on abandonment of equipment	-	(154,501)	(154,501)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,054,807,964)	6,886,609	(1,047,921,355)
INCOME (LOSS) BEFORE TRANSFERS	(679,557,210)	(471,101)	(680,028,311)
TRANSFERS			
Transfers to Metropolitan Transportation Commission	(35,772,614)	(1,651,228)	(37,423,842)
Transfer from Metropolitan Transportation Commission	1,110,000	-	1,110,000
TOTAL TRANSFERS	(34,662,614)	(1,651,228)	(36,313,842)
CHANGE IN NET ASSETS	(714,219,824)	(2,122,329)	(716,342,153)
Total net assets / (deficit) - beginning	(3,018,463,286)	20,708,741	(2,997,754,545)
Total net assets / (deficit) - ending	$(3,732,683,110)	$ 18,586,412	$(3,714,096,698)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total Enterprise Funds
OPERATING REVENUES			
Toll revenues collected	$ 470,136,376	$ -	$ 470,136,376
Department of Motor Vehicles registration fees	-	5,998,475	5,998,475
Other operating revenues	16,828,189	-	16,828,189
TOTAL OPERATING REVENUES	486,964,565	5,998,475	492,963,040
OPERATING EXPENSES			
Operating expenses incurred by Caltrans	28,609,482	-	28,609,482
Towing contracts	-	8,764,626	8,764,626
Professional fees	27,378,953	1,618,387	28,997,340
Allocations to other agencies	28,341,977	-	28,341,977
Salaries and benefits	5,986,583	957,832	6,944,415
Repairs and maintenance	2,548	1,036,045	1,038,593
Communications charges	1,734	263,691	265,425
Depreciation and amortization	759,887	284,654	1,044,541
Other operating expenses	10,491,391	705,102	11,196,493
TOTAL OPERATING EXPENSES	101,572,555	13,630,337	115,202,892
OPERATING INCOME (LOSS)	385,392,010	(7,631,862)	377,760,148
NONOPERATING REVENUES (EXPENSES)			
Investment income	20,699	128,301	149,000
Interest expense	(197,742,351)	-	(197,742,351)
Financing fees	(14,441,725)	-	(14,441,725)
Other non-operating expense	(2,332,921)	-	(2,332,921)
Cal trans/other agency operating grants	46,243,663	6,481,541	52,725,204
Federal operating grants	-	765,112	765,112
Distributions to other agencies for their capital purposes	(132,770,459)	-	(132,770,459)
Distributions to Caltrans for their capital purposes	(850,275,136)	(732,800)	(851,007,936)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,151,298,230)	6,642,154	(1,144,656,076)
INCOME (LOSS) BEFORE TRANSFERS	(765,906,220)	(989,708)	(766,895,928)
TRANSFERS			
Transfers to Metropolitan Transportation Commission	(27,208,672)	(2,054,120)	(29,262,792)
Transfer from Metropolitan Transportation Commission	1,260,000	-	1,260,000
Transfer between programs	(761,000)	761,000	-
TOTAL TRANSFERS	(26,709,672)	(1,293,120)	(28,002,792)
CHANGE IN NET ASSETS	(792,615,892)	(2,282,828)	(794,898,720)
Total net assets / (deficit) - beginning	(2,225,847,394)	22,991,569	(2,202,855,825)
Total net assets / (deficit) - ending	$(3,018,463,286)	$ 20,708,741	$(2,997,754,545)

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities			
Cash receipts from users	$ 468,763,624	$ 5,877,350	$ 474,640,974
Cash payments to Caltrans, suppliers and employees for services	(99,254,565)	(12,902,637)	(112,157,202)
Other receipts / (payments)	18,318,627	(1,021,125)	17,297,502
Net cash provided by / (used in) operating activities	387,827,686	(8,046,412)	379,781,274
Cash flows from non-capital financing activities			
Caltrans and other local agency grants	102,026,593	6,826,692	108,853,285
Proceeds from issuance of revenue bonds	2,059,476,963	-	2,059,476,963
Build America Bonds interest subsidy	11,556,974	-	11,556,974
Interest paid on bonds	(194,413,833)	-	(194,413,833)
Financing fees	(14,704,395)	-	(14,704,395)
Payment to refund bonds	(776,405,000)	-	(776,405,000)
Federal operating grants	-	3,710,466	3,710,466
Transfers to MTC / SAFE	(35,379,687)	(1,672,396)	(37,052,083)
Due from MTC / SAFE	8,000,000	-	8,000,000
Bond principal payments	(35,345,000)	-	(35,345,000)
Distributions to Caltrans	(691,212,549)	(4,047,150)	(695,259,699)
Distributions to other agencies	(147,798,424)	(152,648)	(147,951,072)
Due to BAIFA	(99,000,000)	-	(99,000,000)
Net cash provided by non-capital financing activities	186,801,642	4,664,964	191,466,606
Cash flows from capital and related financing activities			
Acquisition of capital assets	(7,851,016)	(158,784)	(8,009,800)
Net cash (used in) capital and related financing activities	(7,851,016)	(158,784)	(8,009,800)
Cash flows from investing activities			
Proceeds from maturities of investments	6,446,144,916	12,499,034	6,458,643,950
Purchase of investments	(6,752,763,889)	(12,499,967)	(6,765,263,856)
Interest and dividends received	5,624,062	9,371	5,633,433
Payment on swap termination	(104,579,900)	-	(104,579,900)
Net cash provided by / (used in) investing activities	(405,574,811)	8,438	(300,986,473)
Net increase / (decrease) in cash and cash equivalents	161,203,501	(3,531,794)	262,251,607
Balances - beginning of year	1,437,850,671	11,255,505	1,449,106,176
Balances - end of year	$ 1,599,054,172	$ 7,723,711	$ 1,711,357,783

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds, *continued*
For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Reconciliation of operating income to net cash provided by / (used in) operating activities			
Operating income / (loss)	$ 375,250,754	$ (7,357,710)	$ 367,893,044
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	1,096,872	358,293	1,455,165
Net effect of changes in:			
Due to / from MTC	3,129,888	(1,021,125)	2,108,763
Due from State/Federal	262,780	-	262,780
Accounts receivable	197,473	(954)	196,519
Prepaid expenses and other assets	134,421	(14,844)	119,577
Due to Caltrans	398,198	-	398,198
Unearned revenue	1,833,276	-	1,833,276
Patron deposits	647,293	-	647,293
Accounts payable and accrued expenses	4,876,731	(10,072)	4,866,659
Net cash provided by / (used in) operating activities	$ 387,827,686	$ (8,046,412)	$ 379,781,274
Significant noncash financing, capital, and investing activities			
Caltrans and local agency operating grants	$ 828,452	$ 3,796,358	
Federal operating grants	-	476,655	
Build America Bonds (BABs) interest subsidy	7,124,162	-	
Interest expense on bonds	60,322,463	-	
Bond issuance costs, net of amortization	14,622,923	-	
Bond premium/discount, net of amortization	34,524,556	-	
Deferred charged from refunding, net of amortization	9,862,662	-	
Transfer to Caltrans for their capital purposes	76,785,275	490,361	
Transfer to other agencies for their capital purposes	47,886,816	-	
Interest on investments	7,310,601	-	
Purchase of investments	30,000,000	-	

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Cash flows from operating activities			
Cash receipts from users	$ 473,806,522	$ 5,998,475	$ 479,804,997
Cash payments to Caltrans, suppliers and employees for services	(116,692,993)	(13,509,816)	(130,202,809)
Other receipts / (payments)	16,690,932	(1,681,629)	15,009,303
Net cash provided by / (used in) operating activities	373,804,461	(9,192,970)	364,611,491
Cash flows from non-capital financing activities			
Caltrans and other local agency grants	45,910,877	5,544,342	51,455,219
Proceeds from issuance of revenue bonds	687,800,631	-	687,800,631
Interest paid on bonds	(197,139,638)	-	(197,139,638)
Financing fees	(14,587,946)	-	(14,587,946)
Payment for refunding of bonds	(657,100,000)	-	(657,100,000)
Federal operating grants	-	917,327	917,327
Transfers to MTC / SAFE	(26,130,766)	-	(26,130,766)
Due from MTC / SAFE	5,250,000	-	5,250,000
Bond principal payments	(40,865,000)	-	(40,865,000)
Distributions to Caltrans	(840,545,685)	-	(840,545,685)
Distributions to other agencies	(119,207,331)	-	(119,207,331)
Due to BAIFA	(43,000,000)	-	(43,000,000)
Net cash provided by / (used in) non-capital financing activities	(1,199,614,858)	6,461,669	(1,193,153,189)
Cash flows from capital and related financing activities			
Transfer between program	(761,000)	761,000	-
Acquisition of capital assets	(2,720,378)	(1,872,525)	(4,592,903)
Net cash (used in) capital and related financing activities	(3,481,378)	(1,111,525)	(4,592,903)
Cash flows from investing activities			
Proceeds from maturities of investments	7,924,943,389	15,453,990	7,940,397,379
Purchase of investments	(7,977,787,742)	(15,456,633)	(7,993,244,375)
Interest and dividends received	41,138,634	140,714	41,279,348
Net cash provided by / (used in) investing activities	(11,705,719)	138,071	(11,567,648)
Net (decrease) in cash and cash equivalents	(840,997,494)	(3,704,755)	(844,702,249)
Balances - beginning of year	2,278,848,165	14,960,260	2,293,808,425
Balances - end of year	$ 1,437,850,671	$ 11,255,505	$ 1,449,106,176

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Cash Flows – Proprietary Funds, *continued*
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bay Area Toll Authority	Service Authority for Freeways and Expressways	Total
Reconciliation of operating income to net cash provided by / (used in) operating activities			
Operating income / (loss)	$ 385,392,010	$ (7,631,862)	$ 377,760,148
Adjustments to reconcile operating income to net cash provided by / (used in) operating activities:			
Depreciation and amortization	759,887	284,654	1,044,541
Net effect of changes in:			
Due to / from MTC	14,072	(1,614,033)	(1,599,961)
Due from State / Federal	(151,329)	(67,596)	(218,925)
Accounts receivable	41,172	120	41,292
Prepaid expenses and other assets	65,862	(18,851)	47,011
Due to Caltrans	(2,377,757)	-	(2,377,757)
Due from BAIFA	(24,420)	-	(24,420)
Unearned revenue	2,933,942	-	2,933,942
Patron deposits	719,452	-	719,452
Accounts payable and accrued expenses	(13,568,430)	(145,402)	(13,713,832)
Net cash provided by / (used in) operating activities	$ 373,804,461	$ (9,192,970)	$ 364,611,491
Significant noncash financing, capital, and investing activities			
Caltrans and local agency operating grants	$ 616,008	$ 3,725,013	
Federal operating grants	-	128,131	
Interest expense on bonds	29,040,711	-	
Bond issuance costs, net of amortization	13,029,434	-	
Bond premium and discount, net of amortization	866,272	-	
Deferred charged from refunding, net of amortization	47,114,259	-	
Transfers to Caltrans for their capital purposes	84,939,589	770,651	
Transfers to other agencies for their capital purposes	40,281,574	-	
Purchase of capital assets, net of disposal	1,239,337	-	
Interest on investments	3,782,756	-	

The accompanying notes are an integral part of these financial statements.

Metropolitan Transportation Commission
Statement of Fiduciary Assets and Liabilities – Agency Funds
June 30, 2010 and 2009

		2010		2009
ASSETS				
Cash and cash equivalents	$	65,863,144	$	72,209,970
Receivables - interest		28,072		80,101
TOTAL ASSETS	$	65,891,216	$	72,290,071
LIABILITIES				
Accounts payable and accrued liabilities	$	3,917,349	$	6,310,178
Due to other governments		61,973,867		65,979,893
TOTAL LIABILITIES	$	65,891,216	$	72,290,071

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Metropolitan Transportation Commission (MTC) was established under Government Code Section 66500 et seq. the laws of the State of California (State) in 1970 to provide comprehensive regional transportation planning for the nine counties that comprise the San Francisco Bay Area, which includes the City and County of San Francisco and the counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

The MTC's principal sources of revenue to fund its governmental operations include state grants, a percentage of the sales tax revenues collected in the nine Bay Area counties under the State Transportation Development Act of 1971 (TDA) and grants from the U.S. Department of Transportation, Office of the Secretary of Transportation (U.S. DOT), including the Federal Highway Administration (FHWA), Federal Transit Administration (FTA) and other federal, state and local agencies. These are the principal sources of revenue susceptible to accrual under the modified accrual method described later within this note. Fees are the primary source of revenue for the proprietary funds described in this note.

The accompanying financial statements present MTC, its blended component units, and its discretely presented component unit. MTC is the primary government as defined in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. Its governing board is separately appointed and it is fiscally independent of other governments. The blended component units discussed below are included as part of the reporting entity because their boards are substantially the same as the primary government's board. The blended component units, although legally separate entities are, in substance, part of the MTC's operations, and financial data from these units are combined with financial data of MTC in preparing the government-wide financial statements. The Commission serves as the governing body for MTC and all its blended component units.

MTC has one discretely presented component unit – Bay Area Infrastructure Financing Authority (BAIFA). As such, BAIFA is presented in a separate column on the face of the government-wide financial statements on the far right column.

Blended component units

i.) Bay Area Toll Authority

The Bay Area Toll Authority (BATA) is a public agency created by Senate Bill 226 effective January 1, 1998 with responsibilities for the disposition of toll revenues collected from toll bridges owned and operated by Caltrans in the San Francisco Bay Area. These responsibilities also include administration of the Regional Measure 1 (RM 1) capital improvement program approved by the voters in 1988. The bridges for which BATA manages the disposition of toll revenues are the Antioch Bridge, Benicia-Martinez Bridge, Carquinez Bridge, Dumbarton Bridge, Richmond-San Rafael Bridge, San Francisco-Oakland Bay Bridge and San Mateo-Hayward Bridge.

Pursuant to Senate Bill 226, a five year Cooperative Agreement was signed on March 2, 1998 defining the roles and responsibilities of BATA and Caltrans with respect to the collection and disposition of toll bridge revenues. The current ten-year agreement was signed in 2006.

Caltrans' responsibilities include the ownership, operation and maintenance of the bridges. Under the terms of the Cooperative Agreement, BATA has responsibility for electronic toll collection. BATA's FasTrak® Center consolidated its operations to include Golden Gate Bridge, Highway and Transportation District on May 30, 2005.

BATA is required to prepare and adopt a budget by July 1 for each fiscal year. BATA adopted a Long Range Plan for RM 1 projects as required by the Streets and Highway Code. With the concurrence of Caltrans, the plan gives first priority to projects and expenditures that are deemed necessary by Caltrans to preserve and protect the bridges as provided by the Streets and Highway Code and to pay Caltrans for costs incurred and as authorized in the annual budgets adopted by BATA.

In March 2004, seven Bay Area counties approved Regional Measure 2 (RM 2). RM 2 increased the bridge toll by one dollar for all seven bridges in order to fund various capital and operating programs for congestion relief. BATA controls the RM 2 allocations. This dollar surcharge became effective July 1, 2004.

The California State Legislature approved Assembly Bill (AB) 144 on July 18, 2005, which transferred additional Caltrans responsibilities to BATA, namely toll plaza administration responsibility. This responsibility includes consolidation of all the bridge revenue, including the state seismic dollar for the seven bridges under BATA's administration. The state seismic dollar was formerly administered by Caltrans to be used to complete the Seismic Retrofit Program. AB 144 also created a new seismic project oversight board, called the Toll Bridge Project Oversight Committee. This Committee consists of Caltrans, BATA, and the California Transportation Commission. This Committee has oversight for the state toll bridge seismic retrofit program, which includes reviewing bid documents, change orders, and monitoring ongoing costs. The bill also gave BATA unlimited project-level toll revenue setting authority to complete the Seismic Retrofit Program. BATA is a proprietary fund as it generates revenue from toll bridge receipts and its debt is collateralized solely by toll revenue as more fully described in Note 5 Bond Covenants.

ii.) MTC Service Authority for Freeways and Expressways (MTC SAFE)

In June 1988, the MTC SAFE was created to receive fees collected by the Department of Motor Vehicles pursuant to Streets and Highways Code Section 2500 et seq., which permits the collection of up to $1 per registered vehicle in participating counties. These fees represent charges for services rendered to external users. The MTC SAFE is responsible for administering a freeway motorist aid system in the participating counties, referred to as the Call Box program. The following counties are participants in the MTC SAFE: San Francisco, Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano and Sonoma.

In 1993, the MTC SAFE's responsibilities were expanded, pursuant to a jointly adopted Memorandum of Understanding between the MTC SAFE, Caltrans, and the California Highway Patrol (CHP), to participate in the development and implementation of a Freeway Service Patrol (FSP) program in the San Francisco Bay Area. The three principal sources of funding for the FSP program are state-legislated grants, federal grants, and funding from federal traffic mitigation programs. In addition, the Call Box program supports the FSP program by transferring funds each year.

The management of the MTC SAFE has contracted with the MTC to utilize the administrative personnel and facilities of the MTC at no cost.

iii.) MTC General Revenue Fund

MTC General Fund is used to account for financial resources not accounted for or reported in another fund.

iv.) MTC Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. MTC maintains various special revenue funds as follows:

Major Funds

AB 664 Net Toll Revenue Reserve Fund – These funds are allocated, seventy percent to East Bay and thirty percent to West Bay, to agency capital projects that further the development of public transit in the vicinity of the three southern Bay Area bridges, including transbay and transbay feeder transit services. Substantially, all of the current AB 664 Net Toll Revenue Reserves are used to match federal transit funds designated for replacement buses and agency capital facility improvement. Under Section 30884 (a) of the Streets and Highway Code, the AB 664 Net Toll Revenue Fund receives 16 percent of the base toll revenues collected on the three southern bridges, San Francisco-Oakland Bay Bridge, Dumbarton Bridge, and San Mateo-Hayward Bridge.

State Transit Assistance (STA) Fund – State Transit Assistance Funds are used for transit and paratransit operating assistance, transit capital projects, and regional transit coordination. STA funds are derived from the state sales tax on fuel and apportioned by state statute between population-based and revenue-based accounts. PUC Section 99313 defines population-based funds and PUC Section 99314 defines revenue-based funds.

Non-major Funds

Transit Reserve Fund – MTC maintains a Transit Reserve Fund pursuant to RM 1, which was amended in 1988. The calculation of the transit reserves is set forth in Section 30913 (b) of the Streets and Highway Code as one third of 2 percent of base toll revenues collected on all seven Bay Area state-owned bridges.

Caltrans also has a Cooperative Agreement with BATA and MTC whereby Caltrans transferred state funding (Five Percent Unrestricted State Funds) to MTC for ferry operations and other transit/bicycle projects.

Rail Reserve Fund – Rail reserve extension funds are allocated exclusively for rail transit capital extension and improvement projects that are designed to reduce vehicular traffic congestion on the San Francisco-Oakland Bay Bridge. Seventy percent of the Rail Reserves are allocated for East Bay rail improvements and the remaining 30 percent for West Bay rail improvements. Under Section 30914 (a.4) of the Streets and Highway Code, the rail reserve fund receives 21 percent of base toll revenues collected on the San Francisco-Oakland Bay Bridge.

Exchange Fund – Exchange Funds are used for MTC projects adopted as part of its Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs by Commission resolution and as such have limited restrictions on these funds.

BART Car Exchange Fund – Funds deposited are restricted for the purpose of the BART car replacement projects. MTC and BART established funding exchange program whereby MTC will program Federal Funds for current BART projects with BART depositing an equal amount of local funds into an account set aside for the BART car fleet replacement project scheduled to begin in 2013.

Feeder Bus Fund – Funds deposited are to reimburse various transit operators for operating the BART Express Bus Program and come from local agency grants.

Proposition 1B Fund – This fund includes revenue from the Caltrans Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) grant, a grant funded by Proposition 1B Regional Transit Connectivity Program funds. MTC's Hub Signage Project, which improves signage at major transportation hubs, is the only project in this fund for fiscal years 2010 and 2009.

v.) MTC Capital Projects Fund

MTC Capital Projects Fund is used to account for and report the financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and development of capital facilities and other capital assets. The TransLink project, the MTC MetroCenter Seismic Retrofit project, and the Urban Partnership project are the capital projects included in the current fiscal year.

vi.) MTC Fiduciary Funds

MTC reports the following fiduciary funds to account for assets held by MTC in a trustee capacity or as an agent. These agency funds are custodial in nature and do not have a measurement of results of operations. They are on the accrual basis of accounting.

AB 1107 Fund – BART Half-Cent Sales Tax (AB 1107) funds are used to account for the activities of the AB 1107 Program. AB 1107 funds are sales tax revenue collected under the ordinance adopted pursuant to Section 29140 of the Public Utilities Code. These funds are administered by MTC for allocation to the Alameda-Contra Costa Transit District (AC Transit) and the City and County of San Francisco for its municipal railway system (MUNI) on the basis of regional priorities established by the MTC.

Transportation Development Act (TDA) Program fund – Funds are used to account for the activities of the TDA Program. In accordance with state regulations and memoranda of understanding with operators and local municipalities, MTC is responsible for the administration of sales tax revenue derived from the TDA.

Discretely presented component unit

A component unit is a legally separate organization for which elected officials of the primary government are financially accountable. It can also be an organization whose relationship with the primary government is such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete. MTC has one discretely presented component unit, BAIFA.

i.) Bay Area Infrastructure Financing Authority

BAIFA was established in August 2006 pursuant to the California Joint Exercise of Powers Act, consisting of Sections 6500 through 6599.2 of the California Government Code to provide for the joint exercise powers common to MTC and BATA, where two or more public agencies may enter into an agreement to establish an agency to exercise any power common to the contracting parties. The governing board of BAIFA consists of four MTC Commissioners and two BATA Commissioners. BAIFA is authorized to plan projects and obtain funding in the form of grants, contributions, appropriations, loans and other assistance from the United States and from the state of California and apply funds received to pay debt service on bonds issued by BAIFA to finance or refinance public transportation and related capital improvements projects. BAIFA is presented as a proprietary fund in the discretely presented component unit column of the government-wide financial statements because it does not meet the criteria for blending under the provisions of GASB Statement No. 14, *The Financial Reporting Entity.* Requests for separately issued financial statement for BAIFA should be addressed to the Treasurer and Auditor, Bay Area Infrastructure Financing Authority, 101 8th Street, CA 94607.

B. <u>Government-Wide and Fund Financial Statements</u>

The government-wide financial statements (i.e. Statement of Net Assets and Statement of Activities) report information on all non-fiduciary activities of MTC and its component units. The effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

MTC presents its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion & Analysis – for State and Local Governments* as amended. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into three net asset categories; namely, those invested in capital assets, net of related debt, restricted net assets and unrestricted net assets.

With respect to the business-type activities of MTC and as required under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, MTC continues to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. MTC has elected under GASB Statement No. 20 not to apply all FASB Statements and Interpretations issued after November 30, 1989, due to the governmental nature of MTC's operations.

GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent-multiple other post employment benefit (OPEB) plans. The requirements in this Statement will allow more agent employers to use the alternatives measurement method to produce actuarially base information for purposes of financial reporting. This standard was issued in December 2009 and is effective for periods beginning after June 15, 2011. This standard will not have any effect on the financial statements.

GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies,* which provides accounting and financial reporting guidance for government that have petitioned for protection from creditors by filling for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will improve financial reporting by providing more consistent recognition, measurement, display, and disclosure guidance for government that file for Chapter 9 bankruptcy. In addition, these requirements will provide financial statement users with better information regarding the effect of bankruptcy upon government that file for Chapter 9 petition. This standard was issued in December 2009 and is effective for period beginning after June 15, 2009. This standard did not have any effect on the financial statements.

GASB Statement No. 59, *Financial Instruments Omnibus,* updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pool for which improve financial reporting by providing more complete information, by providing consistency of measurements, and by providing clarifications of existing standards. This standard was issued in June 2010 and is effective for the period beginning after June 15, 2010. This standard is not expected to have a material effect on the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable within the current period or soon enough afterwards to pay liabilities of the current period. All revenue sources included in the governmental funds, namely federal, state and local grants as well as sales tax revenue, utilize this revenue recognition methodology.

In fiscal 2010 and 2009, the following funds are considered non-major: the Transit Reserve Fund, the Rail Reserve Fund, the Exchange Fund, the BART Car Exchange, the Feeder Bus Fund, and the Prop 1B Fund. Since these funds did not meet the major fund test, management has included them in Non-Major Governmental Funds, with the exception of AB 664 Net Toll Revenue Reserves Fund, which MTC has elected to present as a major fund in order to provide consistent presentation with prior years.

In fiscal 2010 and 2009, the following funds are considered major governmental funds: MTC General Fund, AB 664 Net Toll Revenue Reserves Fund, STA Fund, and Capital Projects. The balance sheet and statements of revenues, expenditures and changes in fund balances and budget to actual statements of revenues and change in fund balances are presented for these funds.

D. Budgetary Accounting

Enabling legislation and adopted policies and procedures provide that MTC approve an annual budget by June 30 of each year. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental and proprietary funds. MTC also approves a life of project budget whenever new capital projects are approved. MTC presents a preliminary budget in May and a final budget in June. MTC conducts hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but not later than June 30, adopts the final budget for the following fiscal year. The appropriated budget is prepared by fund, project and expense type. The legal level of control is at the fund level and the governing body must approve additional appropriations. Budget amendments are recommended when needed. Operating appropriations lapse at fiscal year-end.

MTC employs the following practices and procedures in establishing budgetary data as reflected in the basic financial statements:

- Annual budgets are adopted on the modified accrual basis of accounting for governmental fund types. These include the general fund, plus major and non-major special revenue funds. Capital budgets are adopted on a project life-to-date basis.

- Annual budgets are adopted on the accrual basis for the proprietary fund types.

E. Encumbrances

Encumbrance accounting is employed in the general, capital project and special revenue funds. Under this method, purchase orders, contracts, memoranda of understanding and other commitments outstanding at year-end do not constitute expenditures or liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides additional guidance on the classification within the fund balances section of amounts that have been encumbered. Encumbrances of balances within the General and Capital Project funds are classified as committed and are included in the "transportation projects" category. These encumbrances, along with encumbrances of balances in funds that are restricted, committed or assigned, are not separately classified in the financial statements, and are summarized as follows:

	2010	2009
General Fund	$ 1,708,055	$ 1,839,051
AB 664 Net Toll Revenue	32,572,550	32,179,306
State Transit Assistance Fund	5,859,335	14,082,505
Non-major Governmental Funds	39,890,582	40,758,637
Capital	12,962	12,981

F. Net Assets

Net assets / (deficit), presented in the government-wide proprietary fund financial statements, represent residual interest in assets after liabilities are deducted. MTC net assets / (deficit) consist of three sections: Invested in capital assets, net of related debt, as well as restricted and unrestricted. Net assets / (deficit) are reported as restricted when constraints are imposed by creditors, grantors, contributors, laws or regulations or other governments or enabling legislation. Restricted net assets consist of amounts restricted for capital projects and other purposes as follows:

	2010	2009
Capital Projects	$ 423,910,614	$ 276,683,298
Other Purposes:		
RM 2 program	-	93,873,317
Debt reserve - under debt covenant	150,000,000	150,000,000
Extraordinary loss reserve, under debt covenant	50,000,000	50,000,000
Long-term receivable restricted for rail projects	29,000,000	37,000,000
OPEB Prefunding	7,384,385	7,384,385
STA	2,734,027	5,086,117
Other	4,515,294	3,089,763
Total Other Purposes	$ 243,633,706	$ 346,433,582

G. Fund Balances

Fund balances, presented in the governmental fund financial statements, represent the difference between assets and liabilities reported in a governmental fund. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. This new standard has not affected the total amount of reported fund balances but has substantially changed the categories and terminology used to describe their components. In fiscal year 2008, MTC categorized fund balances in the Balance Sheet – Governmental Funds as reserved and unreserved. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. MTC evaluated each of its funds at June 30, 2010 and June 30, 2009 and classified fund balances into the following five categories:

- Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items are reported in the general fund.
- Restricted – Items that are restricted by external parties such as creditors or imposed by grants, law or legislation. MTC has legislative restrictions on amounts collected for various transportation and rail projects included in the AB664 toll revenue, STA, BART car exchange, Transit reserve, Feeder Bus and Rail reserve funds.
- Committed – Items that have been committed by formal action by the entity's "highest level of decision-making authority"; which MTC considers to be Commission resolutions. This level of approval has been reported in the general fund, capital projects fund and the exchange fund in establishing the benefits reserve, building reserve and professional services reserve.
- Assigned – Items that have been allocated by committee action where the government's intent is to use the funds for a specific purpose. MTC considers this level of authority to be the Administration Committee. There are no such restrictions on MTC's fund balances.
- Unassigned – This category is for any balances that have no restrictions placed upon them.

MTC reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. MTC reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

GASB Statement No. 54 also clarifies definitions for governmental fund types. MTC evaluated each of its funds at June 30, 2010 and June 30, 2009 and provided additional information with respect to the purpose of each fund (see Note 1.A.). For MTC, this evaluation did not result in a reclassification of funds within the governmental fund types for fiscal years 2010 and 2009.

H. Cash and Investments

MTC applies the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which generally requires investments to be recorded at fair value with the difference between cost and fair value recorded as an unrealized gain or loss. Investments are stated at fair value based upon quoted market prices. MTC reports its money market investments and participating interest-earning investment contracts at amortized cost. This is permissible under this standard provided those investments have a remaining maturity at time of purchase of one year or less and that the fair value of those investments is not significantly affected by the credit standing of the issuer or other factors. Net increases or decreases in the fair value of investments are shown in the Statements of Revenues, Expenditures and Changes in Fund Balance for all governmental fund types and in the Statements of Revenues, Expenditures and Changes in Net Assets for the proprietary funds. Accounting for derivative investments is described in Note 1.P.

MTC invests its available cash under the prudent investor rule. The prudent investor rule states, in essence, that "in investing … property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstance then prevailing, which people of prudence, discretion, and intelligence exercise in the management of their own affairs." This policy affords the MTC a broad spectrum of investment opportunities as long as the investment is deemed prudent and is authorized under the California Government Code Sections 53600, et seq. Investments allowed under the MTC investment policy include the following:

- Securities of the U.S. Government or its agencies
- Securities of the State of California or its agencies
- Certificates of deposit issued by a nationally or state chartered bank
- Bankers' acceptances
- Authorized pooled investment programs
- Commercial paper – Rated "A1" or "P1"
- Corporate notes – Rated "A" or better
- Municipal bonds
- Mutual funds – Rated "AAA"
- Other investment types authorized by state law and not prohibited in the MTC investment policy

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, MTC considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash and cash equivalents as they are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value. Deposits in the cash management pool of the County of Alameda are presented as cash and cash equivalents as they are available for immediate withdrawal or deposit at any time without prior notice or penalty and there is no significant risk of principal.

Variable rate demand obligations (VRDOs) are also presented as cash and cash equivalents. VRDOs have liquidity instruments that allow the securities to be put at anytime with seven days notice and there is no significant risk of principal.

Restricted Cash

Certain cash is restricted as these assets are either advances used for a specific purpose with the balance being refunded upon project completion, prepaid customer deposits for the FasTrak® program, or funds restricted for debt service.

Restricted Investments

Certain investments are classified as restricted on the Statement of Net Assets because their use is limited externally by applicable bond covenants, laws or regulations or there exists an imposed restriction through enabling legislation.

I. Capital Assets

Capital assets, which include buildings and improvements, office furniture and equipment, leased equipment, automobiles and call boxes and software, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital asset acquisitions are recorded at historical cost. MTC's intangible assets consist of internally developed software. Depreciation and amortization expenses for the governmental activities are charged against general government function.

Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation and amortization are computed using the straight-line method that is based upon the estimated useful lives of individual capital assets. The estimated useful lives of capital assets are as follows:

	Years
Buildings and improvements	10 - 45
Office furniture and equipment	3 - 10
Intangible assets	5 - 7
Leased equipment	5
Automobiles	3
Call boxes	10

J. Retirement Plans

MTC provides a defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission (the "Plan") which provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the Public Employees' Retirement System (CalPERS). CalPERS provides an actuarial determined contribution rate that is applied to eligible covered payroll cost on a monthly basis by

MTC. These costs are included in salaries and benefits expense. For additional information on MTC's retirement plan, refer to Note 8.

K. Post Employment Healthcare Benefits

MTC pays certain health care insurance premiums for retired employees. These costs are not recorded in a fiduciary fund by MTC as the assets underlying these future benefits are not managed by MTC. The annual required contribution is recorded in salaries and benefits. See Note 9 for further detail on the cost and obligations associated with these other post employment benefits (OPEB).

L. Compensated Absences

MTC's regular staff employees accumulate vacation pay and sick leave pay based on the agreement with the Committee for Staff Representation pursuant to the Meyers–Milias–Brown Act. A liability exists for accumulated vacation and sick leave. The compensated absences liability presented in the government-wide governmental activities totals $3,267,841 and $3,120,636 at June 30, 2010 and 2009, respectively. Unused accumulated sick and vacation leave is paid at the time of employment termination up to a maximum of 240 hours for sick leave as well as the total accumulated vacation leave per employee from the general fund.

A summary of changes in compensated absences for the year ended June 30, 2010 is as follows:

	Beginning Balance July 1,2009	Additions	Reductions	Ending Balance June 30, 2010	Due Within One Year
Compensated Absences	$ 3,120,636	$ 2,031,169	$ (1,883,964)	$ 3,267,841	$ 1,439,087

A summary of changes in compensated absences for the year ended June 30, 2009 is as follows:

	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Due Within One Year
Compensated Absences	$ 2,945,185	$ 2,065,164	$ (1,889,713)	$ 3,120,636	$ 1,434,585

M. Reconciliation of government-wide and fund financial statements

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balance – total governmental funds and changes in net assets of governmental activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures." However, in the statement of activities the cost of those assets is allocated over their estimated useful life and reported as depreciation expense.

The details of the $(491,414) and $(412,301) difference for fiscal 2010 and 2009 are as follows:

	2010	2009
Capital outlay	$ 257,096	$ 339,180
Depreciation expense	(748,510)	(751,481)
Net adjustment to increase Net changes in fund balances – total governmental funds to arrive at Change in net assets of governmental activities	$ (491,414)	$ (412,301)

N. Pledged Revenue to Bay Area Infrastructure Financing Authority

In December 2006, BATA entered into a contribution agreement with the state of California whereby BATA pledged to transfer the state's future scheduled payments designated for the Toll Bridge Seismic Retrofit Program to BAIFA. BAIFA issued $972,320,000 of bonds called State Payment Acceleration Notes (SPANs) collateralized solely by BATA's pledge of state payments. BAIFA agreed to apply the proceeds from the SPANs for the costs of issuance and for the seismic retrofit program. The scheduled payments are identified and authorized by state statutes. State payments pledged by BATA total $1,135,000,000. Pledged state payments are scheduled from fiscal years 2007 to 2014. In the contribution agreement, BATA pledged and assigned to BAIFA all BATA's rights to the future state payments.

In fiscal year 2010, the amount of pledged payments from the state received by BATA and paid to BAIFA was $99,000,000.

The accounting for the above transactions are prescribed by GASB Statement No. 48, *Sales and Pledges of Receivables and Intra-Entity Transfers of Assets and Future Revenues,* which establishes criteria to ascertain whether proceeds derived from an exchange of an interest in expected cash flows from specific receivables or specific future revenues for immediate cash payments be reported as revenue or as collateralized borrowing. BATA adopted this pronouncement early for fiscal 2007 and as a result reported the exchange of the SPAN proceeds for the interest in expected future cash flow from Caltrans as collateralized borrowing by BATA and a receivable by BAIFA.

O. Unearned Revenue

The unearned revenue in BATA represents the funds collected by the Regional Customer Service Center (RCSC) that are prepayments for tolls or represents a deposit from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges. Patrons are required to contribute a deposit if they pay by check.

P. Derivative Instruments

nerivative instruments used by BATA are swap contracts that have a variable or fixed payment based on the price of an underlying interest rate or index. Hedging derivative instruments are used to reduce financial risks, such as offsetting increases in interest costs, by offsetting changes in cash flows of the debt, the hedged item. These derivative instruments are evaluated to determine if the derivative instrument is effective in significantly reducing the identified financial risk at year end. If the derivative instrument is determined to be an effective hedge, its fair value is an asset or liability with a corresponding deferred outflow or inflow on the Statement of Net Assets. Deferred outflow or inflow constitutes changes in fair value of effectively hedged derivative instruments. This account is neither an asset nor a liability. If the derivative instrument is determined to be an ineffective hedge or when there is no hedgeable item, the derivative instrument is considered to be an investment derivative; its fair value is an asset or liability on the Statement of Net Assets and the change in fair value is recognized against investment revenue in the Statement of Activities. See additional discussion in Note 5.

Q. Toll Revenues Collected

After tolls are collected by Caltrans and transferred to BATA at the toll plazas, BATA accounts for the cash collected from the operation of the bridges as revenue and has a responsibility for electronic toll collection. The revenues are used for RM 1, RM 2 and Seismic retrofit programs. BATA recognizes toll revenue as amounts are earned from vehicle utilization of the toll bridges.

R. Operating Expenditures Incurred by Caltrans

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for certain costs incurred for bridge operating expenditures. These expenses include maintenance, administration, operations, and overhead costs.

S. Investment Income

Investment income (charge) is comprised of interest income from investments and the changes in the fair value of investment derivative instruments. The investment derivative component is the result of the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* which requires the change in fair value of the derivative instruments which no longer have an underlying item to hedge be reported in investment income. The following table shows the breakdown of investment income for the fiscal years ended June 30, 2010 and 2009:

	Governmental Activities	BATA	SAFE	Total Business-type Activities	Total 2010	Total 2009
Investment income	$ 2,184,609	$ 8,677,626	$ 8,591	$ 8,686,217	$ 10,870,826	$ 44,653,186
Investment derivative	-	(23,551,920)	-	(23,551,920)	(23,551,920)	(38,719,155)
	$ 2,184,609	$ (14,874,294)	$ 8,591	$ (14,865,703)	$ (12,681,094)	$ 5,934,031

T. Distributions to Caltrans for Their Capital Purposes

In accordance with the Cooperative Agreement between BATA and Caltrans, BATA reimburses Caltrans for bridge capital expenses. Expenses are reflected to the extent Caltrans bills are presented to MTC that relate to the period through the end of the fiscal year.

U. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

V. Build America Bonds Interest Subsidy

The interest subsidy on the BABs was $18,681,136 for fiscal 2010. Of this amount, $7,124,163 is included as a year end accrual. The federal government makes a semiannual payment.

W. Operating and Non-operating Revenues and Expenses

Operating revenues are those necessary for principal operations of the entity. Operating expenses are those related to user service activities. Non-operating revenues and expenses are all others revenues and expenses not related to user service activities.

2. UNRESTRICTED NET ASSET DEFICIT

MTC's unrestricted net asset deficit arises in its business-type and governmental activities. For the business-type activities, BATA is responsible for providing Caltrans funding for bridge repairs related to the seven state-owned bridges. Expenses related to these payments to Caltrans are treated as expenses since BATA does not own or maintain title to the bridges. This deficit will be reduced through operating income earned in the future as the toll revenue debt is retired and the project is completed. For the governmental activities, MTC has a long-term payable to BATA. As it makes annual payments to BATA, the unrestricted net asset deficit will be reduced by the payments until the liability is paid off.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. A summary of Cash, Cash Equivalents and Investments as shown on the Statement of Net Assets for all funds at June 30, 2010 and 2009 is as follows:

	2010	2009
Unrestricted cash and cash equivalents	$ 1,666,968,829	$ 1,436,549,513
Unrestricted investments	671,485,973	375,348,336
Total unrestricted cash, cash equivalents and investments	2,338,454,802	1,811,897,849
Restricted cash and cash equivalents	229,079,220	203,900,124
Restricted investments	470,858,125	394,393,954
Total restricted cash, cash equivalents and investments	699,937,345	598,294,078
Total cash, cash equivalents and investments	$ 3,038,392,147	$ 2,410,191,927

The details of restricted cash, cash equivalents and investments are as follows:

	2010	2009
FasTrak® program	$ 47,063,663	$ 44,594,290
Escrow account	42,593	15,739
Operations & maintenance reserve	150,000,000	150,000,000
Debt service reserve	358,975,732	282,730,772
Extraordinary loss reserve	50,000,000	50,000,000
BART car replacement project	93,855,357	70,953,277
Total restricted cash, cash equivalents and investments	$ 699,937,345	$ 598,294,078

Restricted cash on the FasTrak® program consists of customer prepaid tolls and deposits from patrons. The patrons are issued transponders with the prepaid amounts for usage against tolls on the California bridges. Tolls are deducted from customers' prepaid toll accounts as customers cross the bridge. Operations & maintenance, Debt service, and Extraordinary loss reserves are described in Note 5. The BART car replacement project is described in Note 1A.iv.

B. The composition of cash, cash equivalents and investments at June 30, 2010 and 2009 is as follows:

	2010	2009
Cash at banks	$ 255,901,124	$ 229,398,326
Money market mutual funds	340,687,979	387,589,050
County of Alameda	180,107,587	61,197,118
Government-sponsored enterprises:		
Federal Home Loan Bank	847,431,107	773,485,535
Federal Home Loan Mortgage Corporation	499,930,721	411,615,229
Federal National Mortgage Association	680,887,181	81,556,377
Federal Farm Credit Bank	35,015,625	-
Tennessee Valley Authority	9,686,800	10,439,205
Municipal Bonds	188,425,000	454,595,000
Local Agency Investment Fund	319,023	316,087
Total cash, cash equivalents and investments	$ 3,038,392,147	$ 2,410,191,927

MTC holds a position in the investment pool of County of Alameda in the amount of $180,107,587 and $61,197,118 at June 30, 2010 and 2009. The Transportation Development Act (TDA) requires that STA and local TDA funds be deposited with the County Treasury. The County of Alameda is restricted by state code in the types of investments it can make. Further, the County Treasurer has a written investment policy approved by the Board of Supervisors and also has an investment committee, which performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper prime rated by at least two agencies if maturity is greater than 30 days, banker's acceptances, repurchase agreements, reverse repurchase agreements, and the State Treasurer's investment pool. The position in the external investment pool at the County of Alameda is recorded at fair value at June 30, 2010 determined by the fair value per share of the pool's underlying portfolio. The investment holdings with the County of Alameda account for approximately .06 percent of MTC's investment portfolio. Deposits with the County of Alameda are available for immediate withdrawal.

MTC holds $319,023 and $316,087 at June 30, 2010 and 2009 in the Local Agency Investment Fund (LAIF). MTC's investment policy allows investment in LAIF as authorized by Government Code section 16429. LAIF is a program created by statute as an investment alternative for California's local governments and special districts. LAIF investments account for approximately 0.01 percent of MTC's total cash and investment portfolio.

MTC's portfolio includes five money market mutual fund investments at June 30, 2010 and 2009, respectively. The mutual fund investments in MTC's investment portfolio are expressed as a percentage of MTC's total cash and investments as follows:

	2010	**2009**
B of A Government Reserves Adviser	1 %	1%
Dreyfus Gov't Cash Mgmt Institutional	0 %	1%
BlackRock T- Fund Institutional	1 %	2%
California Asset Management Program	8 %	11%
PFM Funds Gov't Series	2%	2%

B of A Government Reserves Adviser funds are part of the overnight sweep fund utilized by Bank of America checking accounts and invested in short-term debt securities that have relatively low risk, including, in some cases, securities issued or guaranteed by the U.S. Government. The fund is rated "AAA" by both Standard & Poor's and Moody's.

The Dreyfus Government Cash Management fund is part of the overnight sweep fund utilized by Bank of New York custodial accounts and invests in securities issued or guaranteed as to the principal and interest by the U.S. government or its agents or instrumentalities, and repurchase agreements. The fund is rated "AAA" by both Standard & Poor's and Moody's.

The BlackRock T-Fund Institutional is part of the overnight sweep fund utilized by Union Bank accounts, and invests primarily in money market instruments including U.S. Treasury bills, notes, obligations guaranteed by the U.S. Treasury and repurchase agreements fully collateralized by such obligations. The fund is rated "AAA" by both Standard & Poor's and Moody's.

The California Asset Management Program (CAMP) is a joint powers authority and common law trust. The Trust's Cash Reserve Portfolio is a short-term money market portfolio, which seeks to preserve principal, provide daily liquidity and earn a high level of income consistent with its objectives of preserving principal. CAMP's money market portfolio is rated "AAA" by Standard & Poor's.

PFM Funds Government Series invests in short-term government securities, repurchase agreements secured by government securities and money market mutual funds that invest exclusively in government securities and repurchase agreements secured by government securities. The fund is rated "AAA" by both Standard & Poor's and Moody's.

State law and MTC policy limit mutual fund investments to 20 percent of the portfolio, with no more than 10 percent of the portfolio in any single fund. All the mutual fund holdings are highly rated by Standard & Poor's and Moody's, and are considered to be cash and cash equivalents.

The Government-Sponsored Enterprises (GSE) holdings carry "AAA" ratings. Neither State law nor MTC policy imposes a limit to the amount of GSE within the portfolio. The GSE holdings include Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), Federal Farm Credit Bank (FFCB) and Tennessee Valley Authority (TVA).

Municipal bonds are comprised of variable rate demand obligations (VRDOs) issued by various California local agencies. The VRDOs are presented as cash and cash equivalents. VRDOs have liquidity instruments that allow the securities to be put at any time with seven days notice.

C. Deposit and Investment Risk Factors

There are many factors that can affect the value of investments. MTC invests substantially in fixed income securities, which are affected by credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. The credit ratings of MTC's income securities holdings are discussed in Note 1.H.

i.) Credit Risk

Fixed income securities are subject to credit risk, which is the possibility that the security issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline.

A bond's credit quality is an assessment of the issuer's ability to pay principal and interest on the bond. Credit quality may be evaluated by a nationally recognized independent credit-rating agency. The lower the rating is, the greater the chance (in the opinion of the rating agency) that the bond issuer will default, or fail to meet its obligations. See credit ratings in B. above.

ii.) Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be recovered. All securities are held in independent safekeeping accounts maintained with Union Bank or Bank of New York Mellon (BONY), and are held in the name of the Agency. As a result, custodial credit risk is remote.

iii) Concentration of Credit Risk

Concentration of credit risk is the risk associated with lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory or credit developments. Investments in issuers that represent 5 percent or more of total cash and investments at June 30, 2010 and 2009 are as follows:

	2010	2009
Federal Home Loan Bank (FHLB)	28%	32%
Federal National Mortgage Association	22%	0%
Federal Home Loan Mortgage Corporation	16%	17%
State of California	0%	8%

iv) Interest Rate Risk

Interest rate risk is the risk that the market value of fixed-income securities will decline because of rising interest rates. The prices of fixed-income securities with a longer time to maturity, measured by duration in years, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. MTC's policy is to buy and hold investments to maturity.

MTC's investment portfolio consists of some variable rate demand obligations (VRDOs). VRDOs have liquidity instruments that allow the securities to be put at any time with seven days notice and there is no significant risk of principal. Interest rates on the securities are reset weekly and will fluctuate with the market at any given week which could result in an increase or decrease to the interest revenue earned.

The weighted average maturities of MTC's Government Sponsored Enterprises (GSE) securities (expressed in number of years) at June 30, 2010 and 2009 are as follows:

	2010	2009
Government-sponsored enterprises		
Federal Home Loan Bank	0.41	0.08
Federal Farm Credit Bank	1.34	-
Federal Home Loan Mortgage Corporation	0.13	0.19
Federal National Mortgage Association	0.52	0.07
Tennessee Valley Authority	0.55	1.55

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010 is as follows:

Governmental activities	Beginning Balance July 1, 2009	Increases	Decreases	Ending Balance June 30, 2010
Capital assets, not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Office furniture and equipment	48,391	73,056	(48,391)	73,056
Total capital assets, not being depreciated	48,391	73,056	(48,391)	73,056
Capital assets, being depreciated:				
Buildings and improvements	12,577,948	111,609	-	12,689,557
Office furniture and equipment	3,148,593	120,821	(737,087)	2,532,327
Leased equipment	168,489	-	-	168,489
Automobiles	187,835	-	(16,014)	171,821
Total capital assets being depreciated	16,082,865	232,430	(753,101)	15,562,194
Less accumulated depreciation for:				
Buildings and improvements	4,427,165	645,590	-	5,072,755
Office furniture and equipment	2,959,934	60,171	(731,942)	2,288,163
Leased equipment	126,367	33,698	-	160,065
Automobiles	175,014	9,051	(16,015)	168,050
Total accumulated depreciation	7,688,480	748,510	(747,957)	7,689,033
Total capital assets, being depreciated, net	8,394,385	(516,080)	(5,144)	7,873,161
Governmental activities capital assets, net	$ 8,442,776	$ (443,024)	$ (53,535)	$ 7,946,217

Business-type activities	Beginning Balance July 1, 2009	Increases	Decreases	Ending Balance June 30, 2010
Capital assets, not being depreciated:				
Office furniture and equipment	$ 1,952,579	$ 1,769,002	$ (2,577,777)	$ 1,143,804
Intangible assets	2,182,949	5,385,287	(4,419,516)	3,148,720
Call boxes	2,045,681	35,848	(1,312,575)	768,954
Total capital assets, not being depreciated	6,181,209	7,190,137	(8,309,868)	5,061,478
Capital assets, being depreciated:				
Office furniture and equipment	4,476,523	2,353,368	(870,720)	5,959,171
Building and improvements	3,134,200	-	-	3,134,200
Automobiles	54,262	-	-	54,262
Intangible assets	1,152,679	4,483,197	-	5,635,876
Call boxes	11,009,439	1,312,576	(708,472)	11,613,543
Total capital assets being depreciated	19,827,103	8,149,141	(1,579,192)	26,397,052
Less accumulated depreciation for:				
Office furniture and equipment	2,525,225	645,219	(870,720)	2,299,724
Building and improvements	478,532	130,420	-	608,952
Automobiles	8,196	18,088	-	26,284
Intangible assets	301,344	375,282	-	676,626
Call boxes	9,915,922	286,156	(553,971)	9,648,107
Total accumulated depreciation	13,229,219	1,455,165	(1,424,691)	13,259,693
Total capital assets, being depreciated, net	6,597,884	6,693,976	(154,501)	13,137,359
Business-type activities capital assets, net	$ 12,779,093	$ 13,884,113	$ (8,464,369)	$ 18,198,837

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 748,510
Total depreciation expense – governmental activities	$ 748,510
Business-type activities:	
Toll bridge	$ 1,096,872
Congestion relief	358,293
Total depreciation expense – business-type activities	$ 1,455,165

A summary of changes in capital assets for the year ended June 30, 2009 is as follows:

Governmental activities	**Beginning Balance July 1, 2008**	**Increases**	**Decreases**	**Ending Balance June 30, 2009**
Capital assets, not being depreciated:				
Construction in progress	$ 3,502,701	$ (3,502,701) *	$ -	$ -
Office furniture and equipment	-	48,391	-	48,391
Total capital assets, not being depreciated	3,502,701	(3,454,310)	-	48,391
Capital assets, being depreciated:				
Buildings and improvements	8,854,704	3,723,244	-	12,577,948
Office furniture and equipment	3,078,347	70,246	-	3,148,593
Leased equipment	168,489	-	-	168,489
Automobiles	187,835	-	-	187,835
Total capital assets being depreciated	12,289,375	3,793,490	-	16,082,865
Less accumulated depreciation for:				
Buildings and improvements	3,783,174	643,991	-	4,427,165
Office furniture and equipment	2,900,340	59,594	-	2,959,934
Leased equipment	92,669	33,698	-	126,367
Automobiles	160,816	14,198	-	175,014
Total accumulated depreciation	6,936,999	751,481	-	7,688,480
Total capital assets, being depreciated, net	5,352,376	3,042,009	-	8,394,385
Governmental activities capital assets, net	$ 8,855,077	$ (412,301)	$ -	$ 8,442,776

Business-type activities	**Beginning Balance July 1, 2008**	**Increases**	**Decreases**	**Ending Balance June 30, 2009**
Capital assets, not being depreciated:				
Office furniture and equipment	$ 79,917	$ 1,872,662	$ -	$ 1,952,579
Intangible assets	443,582	1,739,367	-	2,182,949
Call boxes	377,285	1,668,396	-	2,045,681
Total capital assets, not being depreciated	900,784	5,280,425	-	6,181,209
Capital assets, being depreciated:				
Office furniture and equipment	4,391,330	85,193	-	4,476,523
Building and improvements	3,134,200	-	-	3,134,200
Automobiles	-	54,262	-	54,262
Intangible assets	1,152,679	-	-	1,152,679
Call boxes	10,811,671	197,768	-	11,009,439
Total capital assets being depreciated	19,489,880	337,223	-	19,827,103
Less accumulated depreciation for:				
Office furniture and equipment	1,998,423	526,802	-	2,525,225
Building and improvements	348,112	130,420	-	478,532
Automobiles	-	8,196	-	8,196
Intangible assets	136,515	164,829	-	301,344
Call boxes	9,701,628	214,294	-	9,915,922
Total accumulated depreciation	12,184,678	1,044,541	-	13,229,219
Total capital assets, being depreciated, net	7,305,202	(707,318)	-	6,597,884
Business-type activities capital assets, net	$ 8,205,986	$ 4,573,107	$ -	$ 12,779,093

*Transfers to Building and Improvements ($3,502,701).

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 751,481
Total depreciation expense – governmental activities	$ 751,481
Business-type activities:	
Toll bridge	$ 759,887
Congestion relief	284,654
Total depreciation expense – business-type activities	$ 1,044,541

5. LONG-TERM DEBT

Toll Revenue Bonds were issued by BATA in May 2001, February 2003, October 2004, February 2006, April 2006, May 2007, October 2007, June 2008, August 2008, August 2009 and November 2009 to (i) finance the cost of the design and construction of eligible projects of Regional Measure 1, Regional Measure 2, and the Seismic Retrofit projects for the Bay Area Bridges, (ii) to finance a Reserve Fund, (iii) pay costs incurred in connection with the issuance of the bonds, and (iv) defease or refund bonds.

Toll Revenue Bonds were reoffered during August 2008 for 2001 Series A-C, 2003 Series C, 2004 Series A-C, 2006 Series B1 and C, and 2007 Series A1, C1, G1, A2, B2, C2, D2, E3, and G2-G3 as uninsured variable rate bonds.

Toll Revenue Fixed Rate Bonds (2008 Series F1) were issued in August 2008 to (i) refund and fix the 2003 Series A-B, 2006 Series A1, D2, and E1, 2007 Series B1, D1, and E1-E2 variable rate bonds insured by Ambac Assurance Corporation, (ii) pay costs incurred in connection with the issuance of the 2008 Series F1 bonds, (iii) finance the Reserve Fund, and (iv) pay remarketing costs of certain of the variable rate bonds.

Toll Revenue Fixed Rate Bonds (2009 Series F1) were issued during August 2009 to (i) refund and fix the 2001Series B -C, 2003 Series C, 2004 Series A-C, 2006 Series B1, and 2007 Series G2-G3, (ii) make a cash deposit to the Reserve Fund, and (iii) pay the costs of issuing the 2009 series F1 bonds.

The refundings were recorded as a current refunding in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*.

Toll Revenue Fixed Rate Bonds (2009 Series F2) were issued in November 2009 to (i) fund capital projects, (ii) make a cash deposit to the Reserve Fund, and (iii) pay the costs of issuing the 2009 Series F2 bonds. The Toll Revenue bonds were issued as Federally Taxable Build America Bonds (BABs) under the American Recovery and Reinvestment Act of 2009. BATA will receive a direct federal subsidy payment in the amount equal to 35% of the interest expense on the BABs.

Component Unit – BAIFA – State Payment Acceleration Notes (SPANs) were issued during December 2006 (2006 SPANs) to (i) finance the costs of the design and construction of the Toll Bridge Seismic Retrofit Capital Program for the Bay Area bridges, and (ii) pay costs incurred in connection with the issuance of the 2006 SPANs. More information is presented in Note 1.N.

A summary of changes in long-term debt for the year ended June 30, 2010 is as follows:

Business-type activities	Issue Date	Interest Rate	Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2009	Additions	Reductions	Ending Balance June 30, 2010	Due Within One Year
2001 Revenue Bond Series A	5/24/2001	4.10% (2)	2036	$ 150,000,000	$ 150,000,000	$ -	$ -	$ 150,000,000	$ -
2001 Revenue Bond Series B	5/24/2001	4.10% (2)	2029	75,000,000	75,000,000	-	(75,000,000) (6)	-	-
2001 Revenue Bond Series C	5/24/2001	4.10% (2)	2025	75,000,000	75,000,000	-	(75,000,000) (6)	-	-
2001 Revenue Bond Series D	5/24/2001	4.86% (1,3)	2011	100,000,000	13,990,000	-	(6,830,000)	7,160,000	7,160,000
2003 Revenue Bond Series C	2/12/2003	3.76% (2)	2037	150,000,000	146,600,000	-	(146,600,000) (6)	-	-
2004 Revenue Bond Series A	10/5/2004	3.76% (2)	2039	75,000,000	72,450,000	-	(72,450,000) (6)	-	-
2004 Revenue Bond Series B	10/5/2004	3.76% (2)	2039	150,000,000	144,900,000	-	(144,900,000) (6)	-	-
2004 Revenue Bond Series C	10/5/2004	3.76% (2)	2039	75,000,000	72,455,000	-	(72,455,000) (6)	-	-
2006 Revenue Bond Series (B1, C)	2/8/2006	3.76% (2)	2045	1,000,000,000	340,000,000	-	(65,000,000) (6)	275,000,000	-
2006 Revenue Bond Series F	4/25/2006	4.59% (1)	2031	1,149,205,000	1,071,740,000	-	(28,480,000)	1,043,260,000	29,795,000
2007 Rev Bond Ser(A1,C1,G1)	5/15/2007	3.76% (2)	2047	500,000,000	150,000,000	-	-	150,000,000	-
2007 Revenue Bond Series F	5/15/2007	4.44% (1)	2031	310,950,000	310,530,000	-	(35,000)	310,495,000	35,000
2007 Rev Bond Ser(A2-D2,E3, G2-G3)	10/25/2007	3.76% (2)	2047	500,000,000	500,000,000	-	(125,000,000) (6)	375,000,000	-
2008 Revenue Bond Series(A1-E1, G1)	6/5/2008	3.76% (2)	2045	507,760,000	507,760,000	-	-	507,760,000	-
2008 Revenue Bond Series F1	8/28/2008	5.32% (1)	2047	707,730,000	707,730,000	-	-	707,730,000	-
2009 Revenue Bond Series F1	8/20/2009	5.09% (1)	2044	768,720,000	-	768,720,000	-	768,720,000	-
2009 Revenue Bond Series F2	11/5/2009	4.14% (1,4)	2049	1,300,000,000	-	1,300,000,000	-	1,300,000,000	-
				$ 7,594,365,000	$ 4,338,155,000	$ 2,068,720,000	$ (811,750,000)	$ 5,595,125,000	$ 36,990,000
Unamortized bond premium/ discount					12,783,639	64,983,323	(3,391,852)	74,375,110	
Deferred charge on bond refunding					(58,209,768)	(12,380,071)	2,517,410	(68,072,429)	
Net long-term debt as of June 30, 2010					$ 4,292,728,871	$ 2,121,323,252	$ (812,624,442)	$ 5,601,427,681	
Component Unit-BAIFA 2006 SPANs	12/14/2006	4.27% (5)	2017	$ 972,320,000	$ 791,170,000	$ -	$ (41,335,000) (7)	$ 749,835,000	$ 17,020,000
Unamortized bond premium					40,659,258	-	(5,030,011)	35,629,247	
Net long-term debt as of June 30, 2010					$ 831,829,258	$ -	$ (46,365,011)	$ 785,464,247	

(1) Fixed rate bonds
(2) Variable bonds that are hedged with a swap; as such the weighted associated swap rate is presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC has liquidity commitments obtained in support of the VRDBs. These commitments do not expire before June 30, 2010 and are not cancellable by the lender. New liquidity agreements with an effective date of November 1, 2010 have been executed with expiration dates of 11/01/2013 and 10/31/2014 and are not cancelled by the lender.
(3) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018 before the defeasance. Post defeasance final maturity is 2011. The bonds carry interest rates ranging from 4.0% in 2006 to 5.5% in 2011 with a true interest cost of 4.865%.
(4) Federal taxable Build America Bonds
(5) 2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest rates ranging from 4.0% in 2007 to 5.0% in 2017, or an all in true interest cost of 4.27%.
(6) Refunded with 2009 F1 proceeds
(7) Scheduled payment of $8.7 million and optional redemption payments of $32.6 million

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

Business-type activities	Issue Date	Interest Rate	Calendar Year Maturity	Original Amount	Beginning Balance July 1, 2008	Additions	Reductions	Ending Balance June 30, 2009	Due Within One Year
2001 Revenue Bond Series A	5/24/2001	4.10% (2)	2036	$ 150,000,000	$ 150,000,000	$ -	$ -	$ 150,000,000	$ -
2001 Revenue Bond Series B	5/24/2001	4.12% (2)	2029	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series C	5/24/2001	4.11% (2)	2025	75,000,000	75,000,000	-	-	75,000,000	-
2001 Revenue Bond Series D	5/24/2001	4.86% (1,3)	2011	100,000,000	20,560,000	-	(6,570,000)	13,990,000	6,830,000
2003 Revenue Bond Series A	2/12/2003	4.14% (2)	2038	75,000,000	73,500,000	-	(73,500,000)	-	-
2003 Revenue Bond Series B	2/12/2003	4.14% (2)	2038	75,000,000	73,600,000	-	(73,600,000)	-	-
2003 Revenue Bond Series C	2/12/2003	4.14% (2)	2037	150,000,000	148,300,000	-	(1,700,000)	146,600,000	1,800,000
2004 Revenue Bond Series A	10/5/2004	3.42% (2)	2039	75,000,000	73,755,000	-	(1,305,000)	72,450,000	1,340,000
2004 Revenue Bond Series B	10/5/2004	3.42% (2)	2039	150,000,000	147,510,000	-	(2,610,000)	144,900,000	2,695,000
2004 Revenue Bond Series C	10/5/2004	3.42% (2)	2039	75,000,000	73,755,000	-	(1,300,000)	72,455,000	1,350,000
2006 Revenue Bond Series (B1, C)	2/8/2006	3.73% (2)	2045	1,000,000,000	500,000,000	-	(160,000,000)	340,000,000	-
2006 Revenue Bond Series F	4/25/2006	4.59% (1)	2031	1,149,205,000	1,099,090,000	-	(27,350,000)	1,071,740,000	28,480,000
2007 Rev Bond Ser(A1,C1,G1)	5/15/2007	3.73% (2)	2047	500,000,000	500,000,000	-	(350,000,000)	150,000,000	-
2007 Revenue Bond Series F	5/15/2007	4.44% (1)	2031	310,950,000	310,560,000	-	(30,000)	310,530,000	35,000
2007 Rev Bond Ser(A2-D2,E3, G2-G3)	10/25/2007	3.73% (2)	2047	500,000,000	500,000,000	-	-	500,000,000	-
2008 Revenue Bond Series(A1-E1, G1)	6/5/2008	3.73% (2,4)	2045	507,760,000	507,760,000	-	-	507,760,000	-
2008 Revenue Bond Series F1	8/28/2008	5.32% (1)	2047	707,730,000	-	707,730,000	-	707,730,000	-
				$ 5,675,645,000	$ 4,328,390,000	$ 707,730,000	$ (697,965,000)	$ 4,338,155,000	$ 42,530,000
Unamortized bond premium/ discount					20,560,807	(6,910,988)	(866,180)	12,783,639	
Deferred charge on bond refunding					(11,095,509)	(48,984,267)	1,870,008	(58,209,768)	
Net long-term debt as of June 30, 2009					$ 4,337,855,298	$ 651,834,745	$ (696,961,172)	$ 4,292,728,871	
Component Unit-BAIFA 2006 SPANs	12/14/2006	4.27% (5)	2017	$ 972,320,000	$ 867,140,000	$ -	$ (75,970,000)	$ 791,170,000	$ 8,720,000
Unamortized bond premium					45,689,269	-	(5,030,011)	40,659,258	
Net long-term debt as of June 30, 2009					$ 912,829,269	$ -	$ (81,000,011)	$ 831,829,258	

(1) Fixed rate bonds

(2) Variable bonds that are hedged with a swap; as such the weighted associated swap rate is presented. VRDBs are presented as long term debt in accordance with GASB Interpretation No. 1 as MTC has liquidity commitments obtained in support of the VRDBs. These commitments do not expire before June 30, 2010 and are not cancellable by the lender.

(3) 2001 Series D bonds are issued as fixed rate bonds with a final maturity of 2018 before the defeasance. Post defeasance final maturity is 2011. The bonds carry interest rates ranging from 4.0% in 2006 to 5.5% in 2011 with a true interest cost of 4.86%.

(4) Includes investment of $110 million in 2008 Series A1 that was reoffered and sold in August 2009.

(5) 2006 Bay Area Infrastructure Financing Authority SPANs were issued as fixed rate bonds with a final maturity of 2017. The bonds carried interest rates ranging from 4.0% in 2007 to 5.0% in 2017, or an all in true interest cost of 4.27%.

Annual funding requirements

The annual funding requirements (principal and interest) for the debt outstanding of the business-type activities at June 30, 2010 are as follows:

Business-type activities

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2011	$ 36,990,000	$ 247,924,553	$ 284,914,553
2012	38,695,000	246,285,496	284,980,496
2013	40,540,000	244,570,889	285,110,889
2014	46,165,000	242,774,529	288,939,529
2015	48,195,000	240,728,920	288,923,920
2016-2020	329,615,000	1,166,499,064	1,496,114,064
2021-2025	491,705,000	1,078,496,676	1,570,201,676
2026-2030	628,870,000	958,022,658	1,586,892,658
2031-2035	797,400,000	804,098,404	1,601,498,404
2036-2040	960,980,000	611,246,656	1,572,226,656
2041-2045	1,087,130,000	390,306,725	1,477,436,725
2046-2049	1,088,840,000	124,049,015	1,212,889,015
	$ 5,595,125,000	$ 6,355,003,585	$ 11,950,128,585

Component Unit - BAIFA

Fiscal Year Ending	Principal Payments	Interest Payments	Total Payments
2011	$ 17,020,000	$ 32,017,955	$ 49,037,955
2012	-	31,291,201	31,291,201
2013	-	31,291,201	31,291,201
2014	40,350,000	31,291,201	71,641,201
2015	61,745,000	29,568,256	91,313,256
2016-2018	630,720,000	80,795,232	711,515,232
	$ 749,835,000	$ 236,255,046	$ 986,090,046

Bond Covenants – BATA

The Bay Area Toll Authority Bridge Toll Revenue Bonds are payable solely from "Pledged Revenues." The Master Indenture, dated as of May 1, 2001 defines Pledged Revenues as all bridge toll revenue as well as revenue and all amounts held by the Trustee in each fund and account established under the indenture except for amounts in the Rebate Fund and amounts on deposit in any fund or account established to hold the proceeds of a drawing on any Liquidity Instrument. BATA covenanted to establish a Reserve Fund under the 2001 indenture. The current reserve requirement is $346,036,166 to be used to pay debt service if pledged revenues are insufficient to satisfy the debt service payments.

In the fifth supplemental indenture dated February 2006, BATA covenanted to maintain toll revenue at levels that result in net operating revenue greater than 1.2 times annual debt service costs as defined in the master indenture dated May 1, 2001. In addition, BATA has agreed to maintain tolls at a level where net operating revenue plus the balance in the operations and maintenance reserve is at least 1.25 times total “fixed costs” as well as maintaining tolls at levels exceeding 1.0 times all fixed costs as costs are defined in this indenture.

BATA has also covenanted in the 2001 Indenture that no additional bonds shall be issued, unless the additional bonds are issued for refunding of 2001 Series bond purposes, or Net Revenue equates to greater than 150 percent of the combined maximum annual debt service of all outstanding parity bonds.

BATA has covenanted to maintain an operations and maintenance reserve of two times the adopted operations and maintenance budget for Caltrans toll operations and maintenance costs. At June 30, 2010, BATA had restricted $150 million as the restricted operations and maintenance reserve. BATA has also covenanted to maintain an emergency extraordinary loss reserve of not less than $50 million. These amounts are shown as restricted assets for the year ended June 30, 2010. In addition, the BATA board has authorized a total of $600 million for emergency extraordinary loss reserves, which includes $70 million bridge rehabilitation as well as the $200 million committed in the bond covenants.

The bonds issued by BATA are collateralized by a first lien on all of its revenues after a provision for Caltrans costs for operations and maintenance of toll facilities and are not an obligation of the MTC primary government or any component unit other than BATA.

In August 2008, BATA reoffered $1,733,320,000 of 2001 Series A-C, 2003 Series C, 2004 Series A-C, 2006 Series B1 and C and 2007 Series A1, C1, G1, A2, B2, C2, D2, E3, and G2-G3 of uninsured variable rate demand bonds (VRDBs). BATA’s VRDB is a tax-exempt bond that reflects a floating interest rate that is reset every seven days. The investors have an option to tender or put securities at par with seven days notice. BATA also issued $707,730,000 of 2008 Series F1 Fixed bonds. A portion of the 2008 Series F1 proceeds, $657,100,000, was applied to the refunding of the 2003 Series A and B, 2006 Series A1, D2 and E1, and 2007 Series B1, D1, and E1-E2. Another $30,518,323 was deposited to Reserve Fund with the remainder of the proceeds was applied to issuance costs for the 2008 Series F1 and the 2008 Reoffered bonds. Ambac was downgraded several notches below “AA”, which caused market volatility in the weekly pricing of BATA’s insured VRDBs. The transaction was completed with the business purpose of removing Ambac’s underlying insurance on the VRDBs that had caused interest rates to increase sharply and does not provide any economic gain or loss. The difference between the reacquisition price and the net carrying amount of the old debt is $10,696,513, which is reported as a deferred charge.

Bond Covenants – BAIFA

The BAIFA State Payment Acceleration Notes (SPANs) are payable solely from "Pledged Revenues" of BAIFA. The Indenture of Trust, dated December 1, 2006, defines Pledged Revenues as all scheduled payments allocated by the California Transportation Commission (CTC) to BAIFA, as well as revenue and all amounts held by the Trustee in each fund and account established under the indenture.

The SPANs issued by BAIFA do not constitute debt of the State, MTC, or BATA or any other political subdivisions of the State, MTC or BATA. More information is presented in Note 1.N.

Derivative Instruments

MTC adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, retroactively beginning June 30, 2009.

MTC enters into derivative instruments to hedge interest rate risk and not for speculative or trading purposes. Existing derivatives are composed solely of interest rate swaps. All derivative instruments were determined to be effective hedging derivatives at June 30, 2009 except for a portion of the Series 2003, 2006 and 2007 pay-fixed interest rate swaps for which the hedged items for these derivative instruments were refunded in August 2008. Accordingly, the accumulated changes in fair value of the swaps were reported as a deferred outflow of resources of $28,290,143 at June 30, 2008 and $9,997,611 through the date of the transaction in August 2008, for a total of $38,287,754, was deferred in accordance with GASB Statement No. 23 over the life of the bonds. Hence, these swaps are now considered investment derivative instruments. Some of these investment derivatives with Ambac were terminated in July 2009.

The fair value of the hedged and investment derivatives in a liability position was ($339,765,413) and ($411,060,427) at June 30, 2010 and June 30, 2009 respectively, and recorded in the Statement of Net Assets as a non-current liability. The fair value of the hedged derivatives in an asset position was $10,328,500 and $0 at June 30, 2010 and June 30, 2009, respectively, and recorded in the Statement of Net Assets as a non-current asset. The change in the hedging derivative liabilities was recorded as deferred outflows of $263,198,577 and $334,053,518 at June 30, 2010 and June 30, 2009, respectively. The change in the hedging derivative assets from June 30, 2009 to June 30, 2010 of $22,068,658 resulted in a deferred inflow of $10,328,500 at June 30, 2010. The change in investment derivatives of $23,551,920 and $38,719,155 for fiscal year 2010 and fiscal year 2009, respectively, was recorded as an offset to investment income. See Note 1.S. for further details.

Cancellation of any or all of the swap transactions is subject to a fair market value calculation at the time of termination. Fair market value is calculated as the value at which the parties would voluntarily terminate the swap contract. The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010 and June 30, 2009, classified by type, and the changes in fair value of such derivative instruments as reported in the financial statements are as follows:

Business-type Activities	Decrease in Fair Value since June 30, 2009		Fair Value at June 30, 2010		
	Classification	Amount	Classification	Amount	Notional
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred Outflow of Resources	$ 59,114,784	Noncurrent Liabilities	$ (263,198,577)	$ 1,300,000,000
Pay-fixed interest rate swap	Investment revenue	23,551,920	Noncurrent Liabilities	(76,566,840)	410,000,000
Fair Value hedges:					
Receive-fixed interest swap	Deferred Inflow of Resource, net	(22,068,657)	Noncurrent Assets	10,328,500	555,700,000

A portion of the pay-fixed interest rate swap listed as a cash value hedge no longer qualified for hedge accounting as the bonds were refunded in fiscal year 2009. There were no additional changes in fiscal 2010 as to the effectiveness of the remaining swaps due to the unrelated termination of the swaps with Ambac.

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and terms of the derivative instruments outstanding at June 30, 2010, along with the credit rating of the associated counterparty as well as the fair value of the derivative instrument.

	Standard & Poor's	Moody's
Bank of America, N.A.	A+	Aa3
Bank of New York Mellon	AA	Aaa
Citibank, N.A.	A+	A1
Citigroup Financial Products	A	A3
Goldman Sachs Mitsui Marine Derivative Products	AAA	Aa1
JP Morgan Chase Bank, N.A.	AA-	Aa1
JP Morgan Chase Bank, N.A. AAA Enhanced ISDA	AAA	Aaa
Morgan Stanley Capital Services	A	A2

Amortized Notional Value	Counterparty	Fixed Payer Rate (A)		Value due from / (to) counterparty Jun 30, 2010	Value due from / (to) counterparty Jun 30, 2009
$75 million	Ambac Financial Services	4.11%		$ -	$ (12,358,585)
$75 million	Ambac Financial Services	4.12%		-	(14,879,183)
$75 million	Morgan Stanley Capital Services	4.09%		(21,437,457)	(16,741,156)
$75 million	Citigroup Financial Products	4.10%		(21,558,472)	(16,857,869)
$193.8 million	Ambac Financial Services	4.14%		-	(37,404,325)
$289.8 million	Ambac Financial Services	3.42%		-	(26,124,014)
$315 million	Ambac Financial Services	3.65%		-	(46,867,070)
$30 million	Bank of America, N.A.	3.63%		(6,388,049)	(4,391,196)
$225 million	Citibank, N.A.	3.64%		(38,415,243)	(26,542,353)
$245 million	JP Morgan Chase Bank, N.A. AAA Enhanced ISDA	4%		(41,516,689)	(32,226,004)
$125 million	Ambac Financial Services	3.64%		-	(18,804,788)
$50 million	Bank of America, N.A.	3.63%		(10,768,874)	(7,386,444)
$260 million	Citibank, N.A.	3.64%		(45,120,116)	(31,164,278)
$270 million	JP Morgan Chase Bank, N.A. AAA Enhanced ISDA	4%		(50,762,111)	(36,089,708)
$125 million	Bank of America, N.A.	3.64%	1	(26,819,678)	(18,489,379)
$60 million	Goldman Sachs Mitsui Marine Derivative Products	3.64%	1	(12,873,446)	(8,874,902)
$85 million	Goldman Sachs Mitsui Marine Derivative Products	3.64%	1	(18,470,862)	(12,712,146)
$170 million	Bank of New York Mellon	3.64%	1	(36,941,547)	(25,424,162)
$40 million	Bank of New York Mellon	3.64%	1	(8,692,869)	(5,982,707)
	Total Fixed Payer Swap			(339,765,413)	(399,320,269)
		Fixed Receiver Rate (B)			
$143.9 million	JP Morgan, Chase Bank, N.A.	3.90%		2,730,916	(2,698,174)
$146.4 million	Bank of New York Mellon	4.04%		2,872,840	(2,927,345)
$105.4 million	Citibank, N.A.	3.97%		1,666,486	(2,677,260)
$160 million	Bank of America, N.A.	4.01%		3,058,258	(3,437,379)
	Total Fixed Receiver Swap			10,328,500	(11,740,158)
	Total Derivative Instrument - Fair Value			$ (329,436,913)	$ (411,060,427)

(A) Cash flow hedge paying fixed rate receiving variable rate based on LIBOR index
(B) Fair value hedge receiving fixed rate paying variable rate based on SIFMA index
(1) Novated from Ambac Financial Services FY2009

The termination value, or fair market value, BATA would pay to terminate all swaps on a voluntary basis is $340 million and $411 million on June 30, 2010 and June 30, 2009, respectively, and would receive $10 million and $0 on June 30, 2010 and June 30, 2009, respectively. The fair value was determined by an independent outside pricing service. BATA's intent, however, is to maintain the swap transactions for the life of the financing, notwithstanding market opportunities to restructure.

The Debt and Swap Payment Tables that follow show the total interest cost of the swap payments. The total cost is determined by calculating the fixed rate payment to the counterparty, netting the variable rate payment received from the counterparty, total variable bond interest payments to bondholders, plus any associated administrative costs associated with the swap and variable rate obligation.

In July 2009, BATA terminated its swaps with Ambac for $104,579,900 and recognized a loss on swap termination of $80,587,911. The net of the derivative instruments over the deferred outflow associated with the Ambac swaps was $23,991,989. The bonds associated with the Ambac swaps were the 2001 Series B-C, 2003 Series C, 2004 Series A-C, and some of the bonds from the 2006 and 2007 Series. The bonds that were associated with these swaps were subsequently refunded in August 2009.

In January 2002, BATA completed a contract to swap variable-to-fixed rate bonds with a notional amount of $300 million. In July 2009, $150 million of the swap associated with Ambac was terminated. Remaining counterparties to the transaction are Citigroup for $75 million and Morgan Stanley for $75 million. BATA will pay each respective counterparty a fixed rate ranging from 4.10% and 4.09% respectively while receiving a variable rate payment based on 65 percent of the one-month LIBOR index.

In November 2005, BATA approved a contract to swap variable-to-fixed rate bonds with a notional amount of $1 billion with an effective date of February 2006. In July 2009, $315 million of the swap associated with Ambac was terminated. Remaining counterparties to the transaction are JP Morgan AAA ISDA for $245 million, Citibank for $225 million, Goldman Sachs Mitsui Marine Derivative Products for $60 million, and Bank of America for $155 million. BATA will pay each counterparty a fixed rate ranging from 3.63 percent to 4.00 percent while receiving a variable rate payment based on varying percentages of LIBOR.

In November 2005, BATA completed another contract to swap variable-to-fixed rate bonds with a notional amount of $1 billion with an effective date of November 2007. In July 2009, $125 million of the swap associated with Ambac was terminated. Remaining counterparties to the transaction are JP Morgan AAA ISADA for $270 million, Citibank for $260 million, Bank of New York Mellon for $210 million, Goldman Sachs Mitsui Marine Derivative Products for $85 million and Bank of America for $50 million. BATA will pay each counterparty a fixed rate ranging from 3.63 percent to 4.00 percent while receiving a variable rate payment based on varying percentages of LIBOR.

In August 2008, BATA refunded $657.1 million in variable rate bonds, of which $558.7 million were associated with float-to-fixed rate swaps. The swaps were left intact and hedged with four Securities Industry and Financial Markets Association (SIFMA) fixed-to-float rate swaps. The counterparties to the transaction are Bank of New York Mellon for $146.4 million, JP Morgan Chase Bank, N.A. for $146.9 million, Citibank N.A. for $105.4 million, and Bank of America for $160 million. BATA will receive from each counterparty a fixed rate ranging from 3.90 percent to 4.00 percent while paying a percentage of SIFMA. Each counterparty has a right, but not the obligation, to terminate the swaps on April 1, 2011, without receiving a termination payment.

BATA entered into fixed to floating rate swaps as a means of lowering long-term debt costs while maintaining a hedge against increases in short-term rates. The SIFMA swaps (float-to-fixed rate) were completed as a means to offset the fixed-to-float swaps that remained after the associated floating rate debt was replaced with fixed-rate debt. BATA is aware that swap transactions contain certain associated risks not traditionally associated with fixed-rate issues, particularly the risk of counterparty failure. However, BATA has structured the transaction with reasonable safeguards, including downgrade and collateral provisions required of all counterparties, as well as BATA’s unilateral ability to cancel any transaction with 15 days notice.

The swap contracts, with the exception of JP Morgan Chase AAA Enhanced ISDA, address credit risk by requiring the counterparties to post collateral in the event of the following: 1) A counterparty's credit rating equals "A-", "A", or "A+" as determined by S&P or "A3", "A2", or "A1" as determined by Moody's and the market value of its swaps exceeds $10 million, or 2) A counterparty's credit rating is below "A-", as determined by S&P or "A3" as determined by Moody's and the market value of its swaps exceeds $0. JP Morgan Chase AAA Enhanced ISDA posts collateral regardless of the ratings threshold and terminated value in accordance with the requirements imposed upon it by Moody's and Standard & Poor's.

As of June 30, 2010, counterparties were not required to post collateral with a third party safekeeping agent. However, as part of the JP Morgan AAA Enhanced ISDA, JP Morgan maintains a $15 million pool of collateral as a means to maintain the AAA rating. At present, BATA is the only participant in the AAA ISDA pool.

Debt and Swap Payments Tables

As of June 30, 2010, debt service requirements of the variable rate debt and net swap payments for 2001 Series A effective January 14, 2002, are as follows:

Payment Date	Notional Amortization	Variable Interest[B]	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[E]	Total Payment
4/1/2011	$ -	$ 351,351	$ 5,797,594	$ 1,440,000	$ 7,588,945
4/1/2012	-	351,351	5,797,594	1,440,000	7,588,945
4/1/2013	-	351,351	5,797,594	1,440,000	7,588,945
4/1/2014	-	351,351	5,797,594	1,440,000	7,588,945
4/1/2015	-	351,351	5,797,594	1,440,000	7,588,945
4/1/2016-2036	150,000,000	6,379,602	105,268,842	26,146,560	137,795,004
	$ 150,000,000	$ 8,136,357	$ 134,256,812	$ 33,346,560	$ 175,739,729

As of June 30, 2010, debt service requirements of the variable rate debt for 2006 Series C and 2007 Series A2-D2, E3 and net swap payments for 2006 Swap Series, effective February 8, 2006, are as follows:

Payment Date	Notional Amortization	Variable Interest[B] (1)	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[E]	Total Payment
4/1/2011	$ -	$ 1,522,522	$ 17,467,091	$ 6,240,000	$ 25,229,613
4/1/2012	-	1,522,522	17,467,091	6,240,000	25,229,613
4/1/2013	-	1,522,522	17,467,091	6,240,000	25,229,613
4/1/2014	-	1,522,522	17,467,091	6,240,000	25,229,613
4/1/2015	-	1,522,522	17,467,091	6,240,000	25,229,613
4/1/2016-2045	685,000,000	37,751,661	421,014,183	154,723,776	613,489,620
	$ 685,000,000	$ 45,364,271	$ 508,349,638	$ 185,923,776	$ 739,637,685

As of June 30, 2010, debt service requirements of the variable rate debt for 2007 Series A1, C1, G1 and 2008 Series A1-E1, G1 and net swap payments for 2007 Swap Series, effective November 1, 2007, are as follows:

Payment Date	Notional Amortization	Variable Interest[B] (2)	Interest Rate Swaps, Net[C]	Remarketing and Liquidity[E]	Total Payment
4/1/2011	$ -	$ 1,540,699	$ 24,846,320	$ 6,314,496	$ 32,701,515
4/1/2012	-	1,540,699	24,846,320	6,314,496	32,701,515
4/1/2013	-	1,540,699	24,846,320	6,314,496	32,701,515
4/1/2014	-	1,540,699	24,846,320	6,314,496	32,701,515
4/1/2015	-	1,531,751	24,846,320	6,277,824	32,655,895
4/1/2016-2047	875,000,000	37,114,064	627,684,627	152,110,608	816,909,299
	$ 875,000,000	$ 44,808,611	$ 751,916,227	$ 183,646,416	$ 980,371,254

As of June 30, 2010, debt service requirements of the fixed rate debt and net swap payments for 2008 Series F, effective August 28, 2008, are as follows:

Payment Date	Notional Amortization	Fixed Interest[G] (3)	Interest Rate Swaps, Net[C]	Total Payment
4/1/2011	$ 1,500,000	$ 28,482,677	$ (20,520,778)	$ 7,961,899
4/1/2012	1,500,000	28,482,677	(20,465,387)	8,017,290
4/1/2013	1,800,000	28,482,677	(20,409,995)	8,072,682
4/1/2014	1,400,000	28,482,677	(20,343,525)	8,139,152
4/1/2015	1,500,000	28,482,677	(20,291,826)	8,190,851
4/1/2016-2047	548,000,000	672,525,503	(488,175,351)	184,350,152
	$ 555,700,000	$ 814,938,888	$ (590,206,862)	$ 224,732,026

	Series 2001 Bonds [A]	Series 2006 Bonds	Series 2007 Bonds
Interest Rate Swap			
Fixed payment to counterparty	4.10%	3.77%	3.75%
LIBOR percentage of payments [D]	-0.23%	-1.22%	-0.91%
Net interest rate swap payments [C]	3.87%	2.55%	2.84%
Variable rate bond coupon payments [B]	0.23%	0.23%	0.23%
Synthetic interest rate on bonds	4.10%	2.78%	3.07%
Remarketing/liquidity fee[E]	0.96%	0.96%	0.96%
Total Cost	5.06%	3.74%	4.03%

	Series 2008 Bonds
Interest Rate Swap	
Fixed payment from counterparty	-3.983%
SIFMA[F]	0.290%
Net interest rate swap receipts [C]	-3.693%
Fixed rate bond coupon payments [G]	5.126%
Synthetic interest rate on bonds	1.433%
Fees	0.000%
Total Cost	1.433%

A Converted to 65% one month LIBOR on 1/1/06
B Average variable rate as of June 2010 reset
C Net payment/(receipt)
D Average LIBOR rates as of June 2010 reset
E Remarketing/liquidity fees
F SIFMA rate as of June 2010 reset
G Blended coupon

(1) Variable outstanding par $650 million
(2) Variable outstanding par $657.8 million
(3) Fixed outstanding par $707.73 million, but adjusted to $555.7 million to match swap

6. LEASES

Capital Leases

MTC leases copier equipment under capital leases which expire during fiscal year 2011. The assets and liabilities under this capital lease are recorded at the present value of the minimum lease payments. Minimum future lease payments under the capital lease are comprised of the following:

Governmental Activities Year Ending June 30	**Amount**
2011	$ 10,684
Total	10,684
Less interest amounts	(83)
Present value of net minimum lease payments	$ 10,601

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund transfers as of June 30, 2010, is as follows:

	Transfer In:						
Transfer Out:	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-Major Governmental Funds	BATA	Total
Non-Major	$ 91,999	$ -	$ -	$ 101,035	$ -	$ 1,110,000	$ 1,303,034
STA	2,153,475	-	-	1,301,830	-	-	3,455,305
Capital	7,000	-	-	-	-	-	7,000
AB 664	20,000	-	-	-	-	-	20,000
General	-	-	3,095,631	-	-	-	3,095,631
BATA	13,196,890	10,722,759	-	540,842	11,312,123	-	35,772,614
SAFE	1,571,692	-	-	79,536	-	-	1,651,228
Total	$ 17,041,056	$ 10,722,759	$ 3,095,631	$ 2,023,243	$ 11,312,123	$ 1,110,000	$ 45,304,812

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	STA	$ 231,318
General	AB 664	20,000
General	BATA	2,809,288
General	Capital	6,913,131
General	Non-Major	91,999
General	SAFE	64,914
Capital	General	499,769
Capital	STA	572,980
Capital	Non-Major	90,873
Capital	BATA	515,843
Non-Major	BATA	49,030
SAFE	General	4,121,819
BATA	General	8,584
BATA	AB 664	66,241
BATA	Non-Major	196,907
BATA	MTC	29,000,000

The composition of interfund transfers as of June 30, 2009, is as follows:

Transfer In:

Transfer Out:	General	AB 664 Net Toll Revenue Reserve	STA	Capital Projects	Non-Major Governmental Funds	SAFE	BATA	Total
Non-Major	$ -	$ -	$ -	$ 1,354,777	$ -	$ -	$ 1,260,000	$ 2,614,777
General	-	-	2,047,373	-	-	-	-	2,047,373
STA	13,803,937	-	-	891,675	9,856,450	-	-	24,552,062
Capital	466,278	-	-	-	-	-	-	466,278
BATA	5,250,642	10,881,735	-	1,157,541	9,918,754	761,000	-	27,969,672
SAFE	1,263,120	-	-	791,000	-	-	-	2,054,120
Total	$ 20,783,977	$ 10,881,735	$ 2,047,373	$ 4,194,993	$ 19,775,204	$ 761,000	$ 1,260,000	$ 59,704,282

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	Capital	$ 5,495,453
General	STA	1,133,702
General	Non-Major	49,242
General	BATA	176,237
General	SAFE	84,880
Capital	STA	213,338
Capital	Non-Major	788,255
Capital	BATA	255,104
Capital	General	499,769
Non-Major	BATA	210,076
SAFE	General	3,099,492
BATA	AB 664	99,751
BATA	Non-Major	10,239
BATA	MTC	37,000,000

Transfers are used to move revenues from the fund with collection authority to the program fund that accounts for the various grant programs based on both budgetary and matching fund requirements.

Outstanding receivables and payables between funds are due to timing differences resulting from when expenditures are incurred and reimbursement payments are made.

8. EMPLOYEES' RETIREMENT PLAN

Plan Description

MTC's single employer defined benefit pension plan, the Miscellaneous Plan of Metropolitan Transportation Commission ("the Plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by state statutes within the Public Employees' Retirement Law. The MTC selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS fiscal Services Division, PO Box 942703, Sacramento, California 94229.

Funding Policy

Members in the Plan are required to contribute a percent of their annual covered salary, which is established by California state statute. MTC is also required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its employees. The actuarial methods and assumptions are those adopted and amended by the CalPERS Board of Administration. Pursuant to an election by MTC employees, a contract amendment was executed with CalPERS in fiscal 2007, amending the retirement benefit formula from 2 percent at 55 to 2 ½ percent at 55. MTC employees agreed to contribute the full cost of this enhancement and share in future retirement cost increases. The full cost of MTC's retirement benefit is allocated as follows:

- MTC pays the Base Rate of 17.395 percent in effect on July 1, 2006 (10.395 percent employer contribution and 7 percent employee share, per employee's gross earnings), and the fiscal 2008 Base Rate. The Base Rate increased in fiscal 2009 by a percentage equivalent to the actual increase in cost attributable to the BATA employees hired in fiscal 2006.

- Members pay 3.402 percent of eligible gross earnings (2.402 percent employer contribution and 1.0 percent employee contribution) to cover the full cost of the enhancement.

- MTC and members will share equally in payment for additional CalPERS increases, up to 2.0 percent above the Base Rate and the 3.402 percent enhancement cost, each paying up to an additional 1 percent.

- Per agreement, any CalPERS contribution rate increases exceeding the additional 2 percent referenced above will result in re-opening the agreement to determine further cost-sharing arrangements.

Annual Pension Cost and Funding Progress

The required contribution was $2,982,161 and $2,937,722 for the years ended June 30, 2010 and 2009 determined as part of the June 30, 2008 and June 30, 2007 actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), and (b) projected salary increases that vary by entry age and duration of service. Both (a) and (b) include an inflation component of 3.0 percent and an annual payroll growth of 3.25 percent. The Amortization Method used is Level Percent of Payroll. The actuarial valuation of the Plan's asset was determined using a technique that smoothes the effect of short-term volatility in market value of investments over a fifteen-year period depending on the size of investment gains and/or losses. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30-year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

The following table shows MTC's required contributions and the percentage contributed for the current year and each of the two preceding years. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The contribution rate for fiscal year ended June 30, 2010 was 13.016% of payroll. The dollar value of the ARC is the contribution rate multiplied by the payroll of covered employees paid during the period July 1, 2009 through June 30, 2010.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed
June 30, 2008	$ 2,813,755	100%
June 30, 2009	2,937,722	100%
June 30, 2010	2,982,161	100%

MTC's funding progress information as of June 30, 2008 is illustrated as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2006	$ 54,611,669	$ 61,472,801	$ 6,861,132	88.80%	$ 14,292,965	48%
June 30, 2007	60,833,239	68,280,990	7,447,751	89.10%	15,865,270	46.90%
June 30, 2008	67,099,161	74,493,447	7,394,286	90.10%	16,230,948	45.60%

The latest available actuarial valuation was as of June 30, 2008 showing an under-funded status.

9. POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description

MTC's single-employer, defined-benefit, other post employment benefits (OPEB) healthcare plan, or MTC's California Employer's Retirement Benefit Trust (CERBT) account, provides health plan coverage through the CalPERS Health Plan to eligible retired employees and their eligible dependents. MTC maintains the same medical plans for its retirees as for its active employees, with the general exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer. Employees become eligible to retire and receive healthcare benefits upon reaching the age of 50 with 5 years of service to MTC. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 23. The number of participants eligible to receive benefits was 61 for the year ended June 30, 2010.

MTC is a contracting agency under the Public Employees' Medical and Hospital Care Act (PEMHCA), which is administered by CalPERS for provision of healthcare insurance programs for both active and retired employees. CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS website or by writing to CalPERS fiscal Services Division, PO Box 942703, Sacramento, California 94229.

Funding Policy

MTC contributions are based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting of Post Employment Benefits Other Than Benefits*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded accrued actuarial liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The ARC is based on separate actuarial computations for the active and retiree employee groups. MTC's payments of monthly retiree premiums of $501,102 and $452,003 for the years ended 2010 and 2009 were applied toward the required annual employer contribution of $1,211,117 and $799,483 for the years ended 2010 and 2009. In addition, MTC made a voluntary contribution in excess of the ARC for fiscal 2008 of $8,676,000. This contribution nearly eliminated the Unfunded Actuarial Accrued Liability (UAAL) and resulted in the reporting of a net OPEB asset of $7,731,865 at June 30, 2008. The net OPEB asset at June 30, 2009 was $7,384,385. The net OPEB asset at June 30, 2010 remained at $7,384,385 as MTC fully funded its OPEB obligation in fiscal 2010. The interest earned on this asset will reduce the OPEB cost in future years.

Annual OPEB Cost, Funded Status and Funding Progress

MTC's annual Other Post Employment Benefit (OPEB) expense is based on the ARC of the employer less healthcare costs paid on behalf of its retirees as well as any other contributions made to the plan during the year. The following table represents annual OPEB cost for the year, the percentage of costs contributed to the plan, and changes in the net OPEB obligation. Governmental and Business-Type Activities funded 100% of the

ARC attributable to them. Any net OPEB asset resulted solely from Governmental Activities.

Fiscal Year Ended		Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Asset
June 30, 2008	$	1,372,945	794.40%	$	7,731,865
June 30, 2009		799,483	56.50%		7,384,385
June 30, 2010		1,211,117	100%		7,384,385

The funded status of the plan as of July 1, 2010 was as follows:

Annual required contribution (ARC)	$	1,246,087
Interest on net OPEB obligation		(572,290)
Adjustment to ARC		537,320
Annual OPEB Cost		1,211,117
Less contributions made		(1,211,117)
Increase in net OPEB obligation		-
Net OPEB asset - beginning of year		7,384,385
Net OPEB asset - end of year	$	7,384,385

The MTC's funding progress information as of June 30, 2010 is illustrated as follows:

Actuarial Valuation Date		Actuarial Value of Assets (a)		Actuarial Accrued Liability (AAL) (b)		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2007	$	-	$	10,297,911	$	10,297,911	0%	$	22,965,687	44.80%
January 1, 2009		7,299,050		12,774,408		5,475,358	57.10%		24,500,000	22.30%
January 1, 2010		9,249,465		20,599,779		11,350,314	44.90%		25,300,000	44.90%

Actuarial valuations must make certain assumptions regarding the probability of occurrence of certain events such as employment turnover, retirement and mortality, as well as economic assumptions regarding future healthcare costs and interest rates. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress on Schedule IV, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided as the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The actuarial methods and assumptions used include techniques designed to reduce effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

MTC has funded its OPEB liability by contributing to a trust established and administered by CalPERS. The actuarial cost method and assumptions described below is one of two methods prescribed by CalPERS for entities wishing to participate in the CalPERS OPEB Trust. The actuarial cost method used for determining the benefit obligations is the Entry Age Normal cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of 1) the actuarial value of the assets and 2) the actuarial present value of future normal costs, is the Unfunded Actuarial Accrued Liability (UAAL). In determining the Annual Required Contribution, the UAAL must be amortized over a period of up to 30 years. MTC has elected to amortize as a level percentage of expected payroll over 20 years on an open basis. The actuarial assumptions include a prescribed discount rate of 7.75 percent to reflect the expected return on assets in the CalPERS' retiree health trust fund and an annual healthcare cost trend rate of 6.5 percent for 2010 to 2014, 6.0 percent for 2015 to 2017, and 5.85 percent per year thereafter.

Demographic assumptions were prescribed by CalPERS in order to participate in the trust as well and reflect the demographic assumptions used by CalPERS in its valuation of pension benefits under its Miscellaneous 2.5 percent @ 55 formulas for miscellaneous employees. MTC employees participate in CalPERS and accrue pension benefits under this formula.

The Actuarial Accrued Liability (AAL) presented in the January 1, 2010 valuation increased by approximately $7.8 million over the previous valuation. The following factors contributed to the change in the AAL. The cost of benefit accruals since the last valuation, plus interest on the prior years AAL, less benefit payments since the last valuation date, contributed to the change in the AAL. The combined impact of these factors was an increase in the AAL of approximately $1.3 million. In March 2010, MTC transferred its OPEB trust fund assets from CalPERS Trust to a trust managed by Public Agency Retirement Services (PARS). Unlike CalPERS, MTC may elect an investment policy for its fund assets. MTC selected a conservative investment policy which reduced the discount rate from 7.75% to 5.5%. This change in the discount rate resulted in an increase in the AAL of approximately $5.2 million. The January 1, 2010 valuation also reflects a change to the actuarial cost method from the Entry Age Normal Cost to Projected Unit Credit Cost. The Entry Age Normal cost method was required as a condition for participation in the CalPERS OPEB Trust. This change in the actuarial cost method resulted in a decrease in the AAL of approximately $0.9 million.

10. COMMITMENTS AND CONTINGENCIES

MTC's administered projects are subject to audit by the respective grantors. The final determination of allowable project costs can be made only after the grantor's audits are completed and final rulings by the grantor's administrative departments are obtained. Disallowed expenditures, if any, must be borne by nonfederal funds. In the opinion of MTC's management, such disallowances, if any, would not have a material adverse effect on the accompanying government-wide financial statements.

MTC is involved in various claims and litigation that are considered normal to the MTC's regional planning activities. The MTC Board has approved a reserve for future expenses for these contingencies in the amount of $2,738,331 and $773,368 for fiscal years ended June 30, 2010 and 2009, respectively. In the opinion of the MTC's management, the ultimate resolution of these matters will not have a material adverse effect on the MTC's government-wide financial position.

BATA has been named as the defendant in a lawsuit from Ambac Financial Services, LLC related to swaps that were terminated in July 2009. The lawsuit is in the discovery stage. In the opinion of BATA's management, the ultimate resolution of these matters will not have a material adverse effect on the MTC's government-wide financial position.

Commitment and Loan to Bay Area Rapid Transit District

On March 11, 1999, MTC, the San Mateo County Transit District (SamTrans) and the Bay Area Rapid Transit District (BART) (collectively the Parties) entered into a Memorandum of Understanding (MOU) defining the terms and conditions by which additional funds would be made available for the SFO Extension Project (the Project). On September 1, 1999, the Parties agreed to provide a total of $198.5 million to the Project, with BART providing $50 million, SamTrans providing $72 million, and MTC providing $76.5 million.

MTC's commitment included a $60 million loan (the Loan) for the Project's cash flow requirements and $16.5 million for additional budget items. In addition, MTC agreed to pay for interest and financing costs not to exceed $11.8 million, for a total commitment of $88.3 million.

To fund the Loan, MTC agreed to advance $60 million from the Rail Reserve Fund (East Bay Account) for Project cash flows. Under the MOU, BART was to repay this advance without interest, upon authorization and receipt of federal funds anticipated pursuant to BART's full funding grant agreement with the U.S. Department of Transportation (Federal Transportation Administration grant). MTC further agreed to allocate $16.5 million to BART from the Rail Reserve Fund (West Bay Account) for budget items, and utilize a combination of bridge toll revenues and other sources to pay interest and financing costs up to $11.8 million.

On February 12, 2001, MTC and BART executed an Acknowledgement Agreement (the Agreement) which modified the repayment terms of the Loan. Under the Agreement, MTC acknowledged that the FTA grant proceeds, originally pledged to repay the Loan, will be pledged and assigned in favor of bonds (the Bonds) issued by the Association of Bay Area Governments to refinance the Notes and finance the Project. The Agreement confirms BART's obligation to repay the Loan, as set forth in the MOU; however, such repayment will be made from the general resources of BART and subject to the prior pledge in favor of the Bonds.

On June 28, 2006, MTC and BART revised the terms of the $60 million loan agreement. The new agreement extends the $60 million loan to June 30, 2014 with an interest rate of 3 percent.

On November 28, 2007, the MTC Commission authorized the pledging of the then remaining proceeds of the $47 million BART loan receivable balance from the Rail Reserve Fund to BATA. As a result BATA transferred $47 million for their operating cash to the Rail Reserve Fund thereby providing cash flow to the Rail Reserve Fund (East Bay Account) to be used for East Bay rail projects. MTC retains all of its contract protections and enforcement rights against BART until the BART obligations to the East Bay Rail Reserve are satisfied. MTC also retains the legal obligation and responsibility to seek any payment due from BART. The pledge of the $47 million BART loan from MTC to BATA is an Intra-Entity Transfers of Assets which bears an interest rate of 3.0 percent. GASB statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfer of Assets and Future Revenues* provides guidance on the accounting and reporting of Intra-Entity Transfers of Assets.

As of June 30, 2010 and 2009, the total loan outstanding with BART is $29 million and $37 million respectively. Remaining payments due under the loan are as follows:

Fiscal Year	**Principal Payments**
2011	$ 8,000,000
2012	8,000,000
2013	8,000,000
2014	5,000,000
	$ 29,000,000

11. RISK MANAGEMENT

MTC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. MTC purchases commercial insurance through an insurance agent, who obtains the appropriate insurance coverage needed by the MTC from insurance companies. To date, there have been no significant reductions in any of the MTC's insurance coverage, and no settlement amounts have exceeded commercial insurance coverage for the past three years.

12. RELATED PARTY TRANSACTIONS

The Regional Administrative Facility Corporation (RAFC) was incorporated in the State of California on March 23, 1983, for the purpose of administering, operating and maintaining common areas and certain easements of the property. The Condominium Plan establishes the following three owner occupants: BART, MTC and ABAG. RAFC exercises a custodial responsibility on behalf of the owner occupants and assesses sufficient amounts to meet all required expenditures of the common areas and easements. MTC provides management and other staff functions to RAFC through management fees. Fees to RAFC were $300,000 for fiscal years ended June 30, 2010 and 2009. MTC also recorded the return of MTC's portion of the MetroCenter seismic improvement project of $187,489 as revenue in fiscal 2009. MTC currently has a prepaid asset of $281,443 and $294,282 as of June 30, 2010 and 2009, respectively, for funding capital improvement projects of the property.

13. SUBSEQUENT EVENTS

In July 2010, BATA issued $1.5 billion of federally taxable BABs Toll Revenue Bonds under the American Recovery and Reinvestment Act of 2009. These bonds were issued as subordinate debt to BATA's current outstanding bonds. BATA will receive a direct Federal subsidy payment in the amount equal to 35% of the interest expense. The bonds were issued to (i) fund capital projects, (ii) make a cash deposit to the Reserve Fund for the benefit of the 2010 Series S1 Bonds and (iii) pay the costs of issuing the 2010 Series S1 Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–General Fund (unaudited)

For the Year Ended June 30, 2010 — Schedule I

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Sales taxes	$ 9,840,000	$ 8,840,000	$ 8,585,151	$ (254,849)
Grants - Federal	71,648,977	89,519,029	41,200,347	(48,318,682)
Grants - State	5,467,548	5,368,906	1,609,771	(3,759,135)
Local agencies revenues and refunds	6,986,470	7,153,774	3,769,473	(3,384,301)
Investment income - unrestricted	250,000	250,000	22,697	(227,303)
TOTAL REVENUES	94,192,995	111,131,709	55,187,439	(55,944,270)
EXPENDITURES				
General government	110,984,972	120,441,024	57,110,712	63,330,312
Allocations to other agencies	10,783,799	17,708,166	12,023,809	5,684,357
Capital outlay	592,519	592,519	257,094	335,425
TOTAL EXPENDITURES	122,361,290	138,741,709	69,391,615	69,350,094
REVENUES OVER (UNDER) EXPENDITURES	(28,168,295)	(27,610,000)	(14,204,176)	13,405,824
OTHER FINANCING SOURCES (USES)				
Transfers in	25,943,085	26,069,310	17,041,056	(9,028,254)
Transfers out	-	-	(3,095,631)	(3,095,631)
TOTAL OTHER FINANCING SOURCES (USES)	25,943,085	26,069,310	13,945,425	(12,123,885)
NET CHANGE IN FUND BALANCES	(2,225,210)	(1,540,690)	(258,751)	1,281,939
Fund balances - beginning	19,725,132	19,725,132	19,725,132	-
Fund balances - ending	$ 17,499,922	$ 18,184,442	$ 19,466,381	$ 1,281,939

Metropolitan Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–AB 664 Net Toll Revenue Reserves Fund (unaudited)

For the Year Ended June 30, 2010 — Schedule II

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 58,126	$ 58,126
TOTAL REVENUES	-	-	58,126	58,126
EXPENDITURES				
General government	-	-	3,604	(3,604)
Allocations to other agencies	43,631,855	44,679,855	11,409,489	33,270,366
TOTAL EXPENDITURES	43,631,855	44,679,855	11,413,093	33,266,762
REVENUES OVER (UNDER) EXPENDITURES	(43,631,855)	(44,679,855)	(11,354,967)	33,324,888
OTHER FINANCING SOURCES (USES)				
Transfers in	9,741,000	10,789,000	10,722,759	(66,241)
Transfers out	-	-	(20,000)	(20,000)
TOTAL OTHER FINANCING SOURCES (USES)	9,741,000	10,789,000	10,702,759	(86,241)
NET CHANGE IN FUND BALANCES	(33,890,855)	(33,890,855)	(652,208)	33,238,647
Fund balances - beginning	33,890,855	33,890,855	33,890,855	-
Fund balances - ending	$ -	$ -	$ 33,238,647	$ 33,238,647

Metropolitan Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances–Budget and Actual–State Transit Assistance Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule III

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ -	$ -	$ 144,121,071	$ 144,121,071
Local agencies revenues and refunds	-	-	1,730,000	1,730,000
Investment income - unrestricted	-	-	565,668	565,668
TOTAL REVENUES	-	-	146,416,739	146,416,739
EXPENDITURES				
Allocations to other agencies	57,400,436	57,400,436	26,679,901	30,720,535
TOTAL EXPENDITURES	57,400,436	57,400,436	26,679,901	30,720,535
REVENUES OVER (UNDER) EXPENDITURES	(57,400,436)	(57,400,436)	119,736,838	177,137,274
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,095,631	3,095,631
Transfers out	-	-	(3,455,305)	(3,455,305)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(359,674)	(359,674)
NET CHANGE IN FUND BALANCES	(57,400,436)	(57,400,436)	119,377,164	176,777,600
Fund balances - beginning	57,676,296	57,676,296	57,676,296	-
Fund balances - ending	$ 275,860	$ 275,860	$ 177,053,460	$ 176,777,600

Metropolitan Transportation Commission
Schedules of Funding Progress (unaudited)
For the Year Ended June 30, 2010

Schedule IV

Pension Plan (Required Supplementary Information)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
June 30, 2006	$ 54,611,669	$ 61,472,801	$ 6,861,132	88.80%	$ 14,292,965	48.00%
June 30, 2007	60,833,239	68,280,990	7,447,751	89.10%	15,865,270	46.90%
June 30, 2008	67,099,161	74,493,447	7,394,286	90.10%	16,230,948	45.60%

Post Employment Benefits (Required Supplementary Information)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	$ -	$ 10,297,911	$ 10,297,911	0%	$ 22,965,687	44.80%
July 1, 2009	7,299,050	12,774,408	5,475,358	57.10%	24,500,000	22.30%
July 1, 2010	9,249,465	20,599,779	11,350,314	44.90%	25,300,000	44.90%

OTHER SUPPLEMENTARY INFORMATION

Metropolitan Transportation Commission
Combining Balance Sheet – Non-Major Governmental Funds (unaudited)
June 30, 2010

Schedule 1

	Transit Reserves	Rail Reserves	Exchange	BART Car Exchange	Feeder Bus	Prop 1B Funds	Total Non-Major Governmental Funds
ASSETS							
Cash and cash equivalents - unrestricted	$ 2,903,358	$ 30,008,760	$ 7,286,420	$ -	$ 167,732	$ 8,836,421	$ 49,202,691
Cash and cash equivalents - restricted	-	-	-	41,768,267	-	-	41,768,267
Investments - unrestricted	-	68,938,715	-	-	-	-	68,938,715
Investments - restricted	-	-	-	52,087,090	-	-	52,087,090
Receivables							
Interest	-	35,458	-	57,419	-	-	92,877
Due from other funds	49,030	-	-	-	-	-	49,030
TOTAL ASSETS	$ 2,952,388	$ 98,982,933	$ 7,286,420	$ 93,912,776	$ 167,732	$ 8,836,421	$ 212,138,670
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and accrued expenditures	$ 307,327	$ 48,904	$ 51,000	$ -	$ -	$ 573,587	$ 980,818
Due to other funds	7,550	196,907	175,322	-	-	-	379,779
TOTAL LIABILITIES	314,877	245,811	226,322	-	-	573,587	1,360,597
FUND BALANCES							
Restricted for:							
Transportation projects	2,637,511	-	-	-	167,732	8,262,834	11,068,077
Rail projects	-	98,737,122	-	93,912,776	-	-	192,649,898
Committed to:							
Transportation projects	-	-	7,060,098	-	-	-	7,060,098
TOTAL FUND BALANCES	2,637,511	98,737,122	7,060,098	93,912,776	167,732	8,262,834	210,778,073
TOTAL LIABILITIES AND FUND BALANCES	$ 2,952,388	$ 98,982,933	$ 7,286,420	$ 93,912,776	$ 167,732	$ 8,836,421	$ 212,138,670

Metropolitan Transportation Commission
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds (unaudited)
For the Year Ended June 30, 2010

Schedule 2

	Transit Reserves	Rail Reserves	Exchange	BART Car Exchange	Feeder Bus	Prop 1B Funds	Total Non-Major Governmental Funds
REVENUES							
Grants - State	$ 3,024,806	$ -	$ -	$ -	$ -	$ -	$ 3,024,806
Local agencies revenues and refunds	-	8,000,000	1,785,714	22,683,000	8,307,441	-	40,776,155
Investment income - unrestricted	3,111	1,294,985	6,784	-	847	9,588	1,315,315
Investment income - restricted	-	-	-	221,925	-	-	221,925
TOTAL REVENUES	3,027,917	9,294,985	1,792,498	22,904,925	8,308,288	9,588	45,338,201
EXPENDITURES							
Current:							
General government	203,061	8,009,251	584,273	2,750	-	1,042,640	9,841,975
Allocations to other agencies	3,232,408	5,173,493	-	-	8,356,326	-	16,762,227
TOTAL EXPENDITURES	3,435,469	13,182,744	584,273	2,750	8,356,326	1,042,640	26,604,202
EXCESS / (DEFICIENCY) OF REVENUES OVER / (UNDER) EXPENDITURES	(407,552)	(3,887,759)	1,208,225	22,902,175	(48,038)	(1,033,052)	18,733,999
OTHER FINANCING SOURCES (USES)							
Transfers in	2,595,030	8,717,093	-	-	-	-	11,312,123
Transfers out	(7,550)	(1,110,000)	(185,484)	-	-	-	(1,303,034)
TOTAL OTHER FINANCING SOURCES (USES)	2,587,480	7,607,093	(185,484)	-	-	-	10,009,089
NET CHANGE IN FUND BALANCES	2,179,928	3,719,334	1,022,741	22,902,175	(48,038)	(1,033,052)	28,743,088
Fund balances - beginning	457,583	95,017,788	6,037,357	71,010,601	215,770	9,295,886	182,034,985
Fund balances - ending	$ 2,637,511	$ 98,737,122	$ 7,060,098	$ 93,912,776	$ 167,732	$ 8,262,834	$ 210,778,073

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances–Budget and Actual–Transit Reserve Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule 3

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Grants - State	$ 3,024,806	$ 3,024,806	$ 3,024,806	$ -
Investment income - unrestricted	-	-	3,111	3,111
TOTAL REVENUES	3,024,806	3,024,806	3,027,917	3,111
EXPENDITURES				
General government	-	-	203,061	(203,061)
Allocations to other agencies	4,323,890	6,028,390	3,232,408	2,795,982
TOTAL EXPENDITURES	4,323,890	6,028,390	3,435,469	2,592,921
REVENUES OVER (UNDER) EXPENDITURES	(1,299,084)	(3,003,584)	(407,552)	2,596,032
OTHER FINANCING SOURCES (USES)				
Transfers in	841,500	2,546,000	2,595,030	49,030
Transfers out	-	-	(7,550)	(7,550)
TOTAL OTHER FINANCING SOURCES (USES)	841,500	2,546,000	2,587,480	41,480
NET CHANGE IN FUND BALANCES	(457,584)	(457,584)	2,179,928	2,637,512
Fund balances - beginning	457,583	457,583	457,583	-
Fund balances - ending	$ (1)	$ (1)	$ 2,637,511	$ 2,637,512

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances–Budget and Actual–Rail Reserve Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule 4

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ -	$ 8,000,000	$ 8,000,000	$ -
Investment income - unrestricted	-	-	1,294,985	1,294,985
TOTAL REVENUES	-	8,000,000	9,294,985	1,294,985
EXPENDITURES				
General government	-	8,000,000	8,009,251	(9,251)
Allocations to other agencies	103,188,257	103,931,787	5,173,493	98,758,294
TOTAL EXPENDITURES	103,188,257	111,931,787	13,182,744	98,749,043
REVENUES OVER (UNDER) EXPENDITURES	(103,188,257)	(103,931,787)	(3,887,759)	100,044,028
OTHER FINANCING SOURCES (USES)				
Transfers in	8,170,470	8,914,000	8,717,093	(196,907)
Transfers out	-	-	(1,110,000)	(1,110,000)
TOTAL OTHER FINANCING SOURCES (USES)	8,170,470	8,914,000	7,607,093	(1,306,907)
NET CHANGE IN FUND BALANCES	(95,017,787)	(95,017,787)	3,719,334	98,737,121
Fund balances - beginning	95,017,788	95,017,788	95,017,788	-
Fund balances - ending	$ 1	$ 1	$ 98,737,122	$ 98,737,121

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances–Budget and Actual–Exchange Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule 5

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ -	$ -	$ 1,785,714	$ 1,785,714
Investment income - unrestricted	-	-	6,784	6,784
TOTAL REVENUES	-	-	1,792,498	1,792,498
EXPENDITURES				
General government	2,652,963	2,652,963	584,273	2,068,690
TOTAL EXPENDITURES	2,652,963	2,652,963	584,273	2,068,690
REVENUES OVER (UNDER) EXPENDITURES	(2,652,963)	(2,652,963)	1,208,225	3,861,188
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(185,484)	(185,484)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(185,484)	(185,484)
NET CHANGE IN FUND BALANCES	(2,652,963)	(2,652,963)	1,022,741	3,675,704
Fund balances - beginning	6,037,357	6,037,357	6,037,357	-
Fund balances - ending	$ 3,384,394	$ 3,384,394	$ 7,060,098	$ 3,675,704

Metropolitan Transportation Commission
Schedule of Revenues, Expenses and Changes in Fund Balances–Budget and Actual– BART Car Exchange Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule 6

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ 22,683,000	$ 22,683,000	$ 22,683,000	$ -
Investment income - restricted	-	-	221,925	221,925
TOTAL REVENUES	22,683,000	22,683,000	22,904,925	221,925
EXPENDITURES				
General government	-	-	2,750	(2,750)
TOTAL EXPENDITURES	-	-	2,750	(2,750)
NET CHANGE IN FUND BALANCES	22,683,000	22,683,000	22,902,175	219,175
Fund balances - beginning	71,010,601	71,010,601	71,010,601	-
Fund balances - ending	$ 93,693,601	$ 93,693,601	$ 93,912,776	$ 219,175

Metropolitan Transportation Commission

Schedule of Revenues, Expenses and Changes in Fund Balances–Budget and Actual–Feeder Bus Fund (unaudited)

For the Year Ended June 30, 2010 — Schedule 7

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Local agencies revenues and refunds	$ 10,187,967	$ 10,187,967	$ 8,307,441	$ (1,880,526)
Investment income - unrestricted	-	-	847	847
TOTAL REVENUES	10,187,967	10,187,967	8,308,288	(1,879,679)
EXPENDITURES				
Allocations to other agencies	10,187,967	10,187,967	8,356,326	1,831,641
TOTAL EXPENDITURES	10,187,967	10,187,967	8,356,326	1,831,641
NET CHANGE IN FUND BALANCES	-	-	(48,038)	(48,038)
Fund balances - beginning	215,770	215,770	215,770	-
Fund balances - ending	$ 215,770	$ 215,770	$ 167,732	$ (48,038)

Metropolitan Transportation Commission

Schedule of Revenues, Expenses and Changes in Fund Balances–Budget and Actual–Prop 1B Fund (unaudited)

For the Year Ended June 30, 2010 — Schedule 8

	Original Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Investment income - unrestricted	$ -	$ -	$ 9,588	$ 9,588
TOTAL REVENUES	-	-	9,588	9,588
EXPENDITURES				
General government	9,295,886	9,295,886	1,042,640	8,253,246
TOTAL EXPENDITURES	9,295,886	9,295,886	1,042,640	8,253,246
NET CHANGE IN FUND BALANCES	(9,295,886)	(9,295,886)	(1,033,052)	8,262,834
Fund balances - beginning	9,295,886	9,295,886	9,295,886	-
Fund balances - ending	$ -	$ -	$ 8,262,834	$ 8,262,834

Metropolitan Transportation Commission
Schedule of Expenditures – Governmental Funds (unaudited)
For the Year Ended June 30, 2010 — Schedule 9

Expenditures by natural classification		
Salaries & benefits	$	17,589,490
Travel		89,664
Professional fees		39,832,084
Overhead		3,739,113
Printing & reproduction		123,010
Other		(76,763)
Reported as general government expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$	61,296,598
Salaries & benefits - MTC	$	17,589,490
Salaries & benefits - BATA		5,936,313
Salaries & benefits - SAFE		968,737
Total salaries & benefits	$	24,494,540
Overhead - MTC	$	3,739,113
Overhead - SAFE		528,349
Total Overhead	$	4,267,462
(1) General Government Expenditures - by Fund		
General Fund	$	57,110,712
Capital Projects		3,143,246
Special Revenue - Prop 1B		1,042,640
	$	61,296,598

Metropolitan Transportation Commission
Schedule of Overhead, Salaries and Benefits Expenditures – Governmental Funds (unaudited)
For the Year Ended June 30, 2010 — Schedule 10

	Direct Costs*	Allowable Indirect Costs	Unallowable Costs	Total
Salaries	$ 11,130,215	$ 3,548,516	$ -	$ 14,678,731
Benefits	7,511,856	2,303,953	-	9,815,809
Total salaries and benefits	$ 18,642,071	$ 5,852,469	$ -	$ 24,494,540
Reimbursable overhead:**				
Agency Temps		$ 220,949	$ -	$ 220,949
Training		49,165	26,992	76,157
Personnel recruitment		90,684	1,140	91,824
Public hearings		16,027	-	16,027
Advertising		29,572	20,000	49,572
Communications		112,962	1,958	114,920
Utilities		125,430	-	125,430
Meeting room rental		6,119	-	6,119
Equipment rental		3,018	-	3,018
Parking rental		15,079	-	15,079
Storage rental		28,548	-	28,548
Computer maintenance & repair		45,010	-	45,010
Auto expense		17,779	-	17,779
Equipment maintenance & repair		300	-	300
General maintenance		44,613	-	44,613
Janitorial service		123,963	-	123,963
Office supplies		85,534	3,518	89,052
Printing & graphics supplies		40,861	-	40,861
Computer supplies		68,819	-	68,819
Computer software		515,700	-	515,700
Computer hardware		122,796	-	122,796
Furniture & fixtures		7,784	2,373	10,157
Postage & mailing		75,819	-	75,819
Memberships		48,867	23,357	72,224
Library acquisitions & subscriptions		31,107	1,945	33,052
Law library		19,250	-	19,250
Computer time & services		20,025	-	20,025
Advisory member stipend		42,300	82,300	124,600
Audit fees		35,418	263,337	298,755
Newswire service		14,707	-	14,707
Insurance		123,410	-	123,410
Other		-	123,186	123,186
Miscellaneous		-	27,268	27,268
Travel		117,018	123,279	240,297
Professional Fees		138,483	400	138,883
Bldg Maintenance		415,923	-	415,923
Subtotal Indirect Costs		2,853,039	701,053	3,554,092
Carryforward provision for fiscal June 30, 2008		448,302	-	448,302
Depreciation expense		748,510	-	748,510
Total indirect costs including depreciation expense		$ 4,049,851	$ 701,053	$ 4,750,904
Indirect Cost Recovered		$ 10,167,385		
Indirect (Over)/Under Absorbed		$ (265,065)		

*Direct Costs include BATA and SAFE Salaries and Benefits per Indirect Cost Plan for fiscal 2009.
** Overhead distributed to BATA and SAFE per Indirect Cost Plan for fiscal 2010.

Metropolitan Transportation Commission
Schedule of Expenditures – Federal Highway Administration Grant No. 10OWPMTCM (unaudited)
For the Year Ended June 30, 2010 — Schedule 11

	ABAG	MTC	Total
Authorized Expenditures			
Federal	$ 1,041,829	$ 7,037,827	$ 8,079,656
Local Match*	134,980	911,825	1,046,805
Total authorized expenditures	1,176,809	7,949,652	9,126,461
Actual Expenditures *			
Association of Bay Area Governments (ABAG)	1,041,829	-	1,041,829
MTC			
Program No. Program Name			
1112 Implement Public Information Program	-	1,390,822	1,390,822
1113 Support Partnership Board	-	43,530	43,530
1114 Support Advisory Committees	-	99,524	99,524
1121 Develop and Produce the RTP	-	204,121	204,121
1122 Travel Models and Data	-	1,234,575	1,234,575
1123 Corridor Studies - RTP Invest	-	41,877	41,877
1124 Integrate MTS with National & International Transportation	-	390,290	390,290
1125 Non-Motorized Transportation	-	65,979	65,979
1156 Library Services	-	363,576	363,576
1212 Develop MTS Performance Measures	-	194,285	194,285
1225 Transit Trip Planning	-	101,000	101,000
1226 Develop Bicycle Information Strategy	-	15,500	15,500
1229 Refine Regional Transport ERP	-	7,614	7,614
1236 Implement Freeway Management Program	-	247,250	247,250
1311 Develop and Implement Welfare to Work Program	-	96,907	96,907
1412 Air Quality Conformity	-	320,441	320,441
1511 Financial Analysis and Planning	-	100,000	100,000
1512 Federal Programming, Monitoring and TIP Development	-	379,340	379,340
1611 Development of Community Projects	-	365,055	365,055
Total Expenditures	1,041,829	5,661,686	6,703,515
Balance of Federal Highway Administration Grant	$ -	$ 1,376,141	$ 1,376,141

*Expenditures reported at federal reimbursement rate (88.53%)

Metropolitan Transportation Commission
Schedule of Computations Demonstrating
Bond Covenant Compliance – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule 12

		2010
Revenue		
Toll revenues collected	$	466,085,582
Investment income (charge)		(14,874,294)
BABs interest subsidy		18,681,136
Other operating revenues		14,925,959
Transfers from MTC		1,110,000
Other revenues reimbursement		3,239,037
Total revenue		489,167,420
Operating expenses		
Operating expenses - Caltrans		27,225,850
Services and charges - BATA		49,520,281
Total operating before depreciation and amortization		76,746,131
Depreciation and amortization		1,096,872
Total operating expenses		77,843,003
Net operating income		411,324,417
Debt service and financing fees		
Interest expense		224,821,145
Payment on swap termination		80,587,911
Financing fees		14,740,035
Bond issuance costs		2,242,851
Total debt service and financing fees		322,391,942
Income before grants & operating transfers		88,932,475
Caltrans/ other agency operating grants		99,000,000
Operating transfers		
Metropolitan Transportation Commission administrative transfers		4,887,538
Metropolitan Transportation Commission transit transfers		
AB 664 expenses		10,722,759
90% rail expenses		8,717,093
2% transit expenses		2,595,030
Transfers to Regional Measure 2		36,528,747
Total operating transfers		63,451,167
Net income before capital transfers		124,481,308
Capital project transfers		
Regional Measure 1 transfers		49,826,693
Maintenance A transfers		5,430,987
Bridge rehabilitation transfers		2,042,984
Regional Measure 2 transfers		139,483,734
Bridge Seismic transfers		625,757,571
Transfers to other agencies		16,159,163
Total capital transfers		838,701,132
Change in net assets		(714,219,824)
Total net assets/(deficits) - beginning		(3,018,463,286)
Total net assets/(deficits) - ending	$	(3,732,683,110)

		2010
Net revenue[1,6]	$	485,493,490
Debt service[2]	$	260,166,145
Debt service coverage[3]		1.87
Debt service coverage - bond covenant requirement		1.20
Net revenue[1,6]	$	485,493,490
Debt service[2], operating transfer and costs[7], financing fees[4]	$	343,788,334
Fixed charge coverage		1.41
Fixed charge coverage - bond covenant requirement		1.00
Net revenue[1,6] plus operations & maintenance reserve	$	635,493,490
Fixed charges[5]	$	338,357,347
Fixed charge coverage		1.88
Fixed charge coverage - bond covenant requirement		1.25
Self insurance reserve	$	50,000,000
Self insurance reserve - bond covenant requirement	$	50,000,000
Operations & maintenance reserve[8]	$	150,000,000

1 Total revenue less Caltrans operating expenses
2 Interest expense plus principal retirement of $35,345,000
3 Based on debt outstanding from May 24, 2001 to November 5, 2009
4 Including BATA service and charges (excluding depreciation) = 1.24
5 Fixed charges comprise debt service, financing fees, and operating transfers (including BATA expense = 1.64)
6 Net revenue includes interest earnings adjusted for the derivative investment charge of $23,551,920. See Note S.
7 Operating transfer and costs include Caltrans maintenance and RM 2 operating costs.
8 Minimum required operation & maintenance is $75 million, but currently maintained at $150 million.

Metropolitan Transportation Commission
Schedule of Operating Revenues and Expenses – BATA Proprietary Fund – By Bridge (unaudited)
For the Year Ended June 30, 2010 — Schedule 13

	Carquinez Bridge	Benicia - Martinez Bridge	Antioch Bridge	Richmond - San Rafael Bridge	San Francisco - Oakland Bay Bridge	San Mateo - Hayward Bridge	Dumbarton Bridge	Total
Operating revenues								
Toll revenues collected	$ 81,501,610	$ 74,627,628	$ 9,498,837	$ 49,084,593	$ 157,455,482	$ 58,242,972	$ 35,674,460	$ 466,085,582 *
Other operating revenues	2,622,216	2,668,208	243,820	1,488,887	5,084,427	1,868,219	950,182	14,925,959
Total operating revenues	84,123,826	77,295,836	9,742,657	50,573,480	162,539,909	60,111,191	36,624,642	481,011,541
Operating expenses								
Operating expenditures incurred by Caltrans	3,847,811	3,727,501	1,474,237	2,559,358	10,195,768	3,122,992	2,298,183	27,225,850
Services and charges	8,634,835	7,906,559	1,006,372	5,200,356	16,681,906	6,170,657	3,779,596	49,380,281
Allocations to other agencies	4,906,298	4,492,492	571,818	2,954,833	9,478,629	3,506,156	2,147,558	28,057,784
Depreciation	191,831	176,261	22,217	115,325	370,647	137,074	83,517	1,096,872
Total operating expenses	17,580,775	16,302,813	3,074,644	10,829,872	36,726,950	12,936,879	8,308,854	105,760,787
Operating income	$ 66,543,051	$ 60,993,023	$ 6,668,013	$ 39,743,608	$ 125,812,959	$ 47,174,312	$ 28,315,788	$ 375,250,754
* Toll revenues by Program								
Regional Measure 1 (RM 1)	$ 24,331,343	$ 21,484,375	$ 3,090,341	$ 13,828,216	$ 41,509,967	$ 16,070,990	$ 9,436,289	$ 129,751,521
Regional Measure 2 (RM 2)	19,057,158	17,714,805	2,136,215	11,752,427	38,649,493	14,057,639	8,746,234	112,113,971
Seismic Program	38,113,109	35,428,448	4,272,281	23,503,950	77,296,022	28,114,343	17,491,937	224,220,090
Total Toll Revenues	$ 81,501,610	$ 74,627,628	$ 9,498,837	$ 49,084,593	$ 157,455,482	$ 58,242,972	$ 35,674,460	$ 466,085,582

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds (unaudited)
For the Year Ended June 30, 2010 — Schedule 14

County of Alameda		Balance July 1, 2009	Additions	Deductions		Balance June 30, 2010
Assets						
Cash and cash equivalents	$	13,759,243	51,226,998	54,655,357	$	10,330,884
Receivables - interest		60,000	17,637	60,000		17,637
Total Assets	$	13,819,243	51,244,635	54,715,357	$	10,348,521
Liabilities						
Accounts payable and accrued liabilities	$	834,343	52,316,986	52,586,262	$	565,067
Due to other governments		12,984,900	(1,072,351)	2,129,095		9,783,454
Total Liabilities	$	13,819,243	51,244,635	54,715,357	$	10,348,521
County of Contra Costa						
Assets						
Cash and cash equivalents	$	11,604,459	30,133,125	33,504,706	$	8,232,878
Total Assets	$	11,604,459	30,133,125	33,504,706	$	8,232,878
Liabilities						
Accounts payable and accrued liabilities	$	636,761	32,425,877	32,325,550	$	737,088
Due to other governments		10,967,698	(2,292,752)	1,179,156		7,495,790
Total Liabilities	$	11,604,459	30,133,125	33,504,706	$	8,232,878
County of Marin						
Assets						
Cash and cash equivalents	$	1,583,485	9,266,543	9,074,869	$	1,775,159
Receivables - interest		5,592	1,909	5,592		1,909
Total Assets	$	1,589,077	9,268,452	9,080,461	$	1,777,068
Liabilities						
Accounts payable and accrued liabilities	$	-	8,694,469	8,694,469	$	-
Due to other governments		1,589,077	573,983	385,992		1,777,068
Total Liabilities	$	1,589,077	9,268,452	9,080,461	$	1,777,068
County of Napa						
Assets						
Cash and cash equivalents	$	11,972,992	10,057,141	8,475,294	$	13,554,839
Total Assets	$	11,972,992	10,057,141	8,475,294	$	13,554,839
Liabilities						
Accounts payable and accrued liabilities	$	1,955,970	6,403,700	8,207,036	$	152,634
Due to other governments		10,017,022	3,653,441	268,258		13,402,205
Total Liabilities	$	11,972,992	10,057,141	8,475,294	$	13,554,839

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds (unaudited), *continued*
For the Year Ended June 30, 2010 — Schedule 14

County of San Francisco		Balance July 1, 2009	Additions	Deductions		Balance June 30, 2010
Assets						
Cash and cash equivalents	$	1,854,030	33,031,368	33,411,814	$	1,473,584
Total Assets	$	1,854,030	33,031,368	33,411,814	$	1,473,584
Liabilities						
Accounts payable and accrued liabilities	$	326,141	30,536,203	30,668,940	$	193,404
Due to other governments		1,527,889	2,495,165	2,742,874		1,280,180
Total Liabilities	$	1,854,030	33,031,368	33,411,814	$	1,473,584
County of San Mateo						
Assets						
Cash and cash equivalents	$	1,898,614	29,771,218	29,596,085	$	2,073,747
Receivables - interest		14,509	8,526	14,509		8,526
Total Assets	$	1,913,123	29,779,744	29,610,594	$	2,082,273
Liabilities						
Accounts payable and accrued liabilities	$	52,905	27,579,764	27,126,995	$	505,674
Due to other governments		1,860,218	2,199,980	2,483,599		1,576,599
Total Liabilities	$	1,913,123	29,779,744	29,610,594	$	2,082,273
County of Santa Clara						
Assets						
Cash and cash equivalents	$	4,396,686	73,335,286	72,692,047	$	5,039,925
Total Assets	$	4,396,686	73,335,286	72,692,047	$	5,039,925
Liabilities						
Accounts payable and accrued liabilities	$	480,192	66,703,306	66,601,303	$	582,195
Due to other governments		3,916,494	6,631,980	6,090,744		4,457,730
Total Liabilities	$	4,396,686	73,335,286	72,692,047	$	5,039,925
County of Solano						
Assets						
Cash and cash equivalents	$	11,056,180	14,407,715	14,395,348	$	11,068,547
Total Assets	$	11,056,180	14,407,715	14,395,348	$	11,068,547
Liabilities						
Accounts payable and accrued liabilities	$	1,103,341	13,799,521	14,335,619	$	567,243
Due to other governments		9,952,839	608,194	59,729		10,501,304
Total Liabilities	$	11,056,180	14,407,715	14,395,348	$	11,068,547

Metropolitan Transportation Commission
Combining Statement of Changes in Assets and Liabilities by Participant – Agency Funds (unaudited), *continued*
For the Year Ended June 30, 2010 — Schedule 14

County of Sonoma	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Assets				
Cash and cash equivalents	$ 14,084,281	17,955,824	19,726,524	$ 12,313,581
Total Assets	$ 14,084,281	17,955,824	19,726,524	$ 12,313,581
Liabilities				
Accounts payable and accrued liabilities	$ 920,525	18,809,825	19,116,306	$ 614,044
Due to other governments	13,163,756	(854,001)	610,218	11,699,537
Total Liabilities	$ 14,084,281	17,955,824	19,726,524	$ 12,313,581
AB 1107				
Assets				
Cash and cash equivalents	$ -	58,936,039	58,936,039	$ -
Total Assets	$ -	58,936,039	58,936,039	$ -
Liabilities				
Accounts payable and accrued liabilities	$ -	62,337,717	62,337,717	$ -
Due to other governments	$ -	(3,401,678)	(3,401,678)	$ -
Total Liabilities	$ -	58,936,039	58,936,039	$ -
Total - All Agency Funds				
Assets				
Cash and cash equivalents	$ 72,209,970	328,121,257	334,468,083	$ 65,863,144
Receivables – interest	80,101	28,072	80,101	28,072
Total Assets	$ 72,290,071	328,149,329	334,548,184	$ 65,891,216
Liabilities				
Accounts payable and accrued liabilities	$ 6,310,178	319,607,368	322,000,197	$ 3,917,349
Due to other governments	65,979,893	8,541,961	12,547,987	61,973,867
Total Liabilities	$ 72,290,071	328,149,329	334,548,184	$ 65,891,216

Metropolitan Transportation Commission
Schedule of Interest Rate Swap Summary – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010

Schedule 15

COUNTERPARTY	SERIES 2001	SERIES 2006	SERIES 2007	SERIES 2008	TOTAL	PERCENTAGE BY COUNTERPARTY	RATINGS (S&P/MOODYS)
Citibank N.A.	$ -	$ 225,000,000	$ 260,000,000	$ 105,355,000	$ 590,355,000	26%	A+/A1
Citigroup Financial Products	75,000,000	-	-	-	75,000,000	3%	A/A3
JP Morgan Chase Bank, N.A.	-	-	-	143,900,000	143,900,000	6%	AA-/Aa1
JP Morgan Chase AAA Enhanced ISDA	-	245,000,000	270,000,000	-	515,000,000	23%	AAA/Aaa
Bank of America, N.A.	-	155,000,000	50,000,000	160,000,000	365,000,000	16%	A+/Aa3
Goldman Sachs Mitsui Marine Derivative Products	-	60,000,000	85,000,000	-	145,000,000	7%	AAA/Aa1
Bank of New York Mellon	-	-	210,000,000	146,445,000	356,445,000	16%	AA/Aaa
Morgan Stanley Capital Services	75,000,000	-	-	-	75,000,000	3%	A/A2
Total Swap Notional	$ 150,000,000	$ 685,000,000	$ 875,000,000	$ 555,700,000	$ 2,265,700,000		

Termination Value	$ (42,995,929)	$ (126,013,105)	$ (170,756,379)	$ 10,328,500	$ (329,436,913)

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2001 – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010 Schedule 16

	SERIES A-2001	SERIES A-2001	TOTAL
Notional Amount	$ 75,000,000	$ 75,000,000	$ 150,000,000
Trade Date	1/10/2002	1/10/2002	
Effective Date	1/14/2002	1/14/2002	
Swap Mode	65% One Mth LIBOR (1)	65% One Mth LIBOR (1)	
Maturity	4/1/2036	4/1/2036	
Basis Cost	Yes	Yes	
Swap Cost	4.09%	4.10%	
Counterparty (CP)	Morgan Stanley Capital Services	Citigroup Financial Products	
S&P/Moodys	A/A2	A/A3	
Ratings Outlook/Watch	Negative	Negative/Stable	
Termination Value Due from/(to) CP	$ (21,437,457)	$ (21,558,472)	$ (42,995,929)
Credit Risk			
CP Collateral Posting (2)			
1a) CP="A-", "A", or " A+" (S&P)	Yes	Yes	
or			
1b) CP ="A3","A2", or "A1" (Moodys)	Yes	Yes	
and			
2) Termination Value >$10 million	No	No	
CP Collateral Posting (2)			
1c) CP < A- (S&P)	No	No	
or			
1d) CP < A3 (Moodys)	No	No	
and			
2) Termination Value > $0	No	No	
Ratings Termination Risk (3)			
SR Bond Ratings (S&P or Moodys)	BBB-/Baa3	BBB-/Baa3	
Tax Risk	Yes	Yes	
Rollover Risk	No	No	
Amortization Risk	No	No	

(1) prior to 1/1/06 was cost of fund
(2) unilateral collateral posting by CP
(3) unilateral termination at BATA's discretion

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2006 – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule 17

	SERIES 2006	SERIES 2006	SERIES 2006	SERIES 2006	SERIES 2006	TOTAL
Notional Amount	$ 245,000,000	$ 225,000,000	$ 30,000,000	$ 60,000,000	$ 125,000,000	$ 685,000,000
Trade Date	5/16/2006 (5)	11/15/2005	11/15/2005	8/28/2008	9/2/2008	
Effective Date	2/8/2006	2/8/2006	2/8/2006	8/28/2008	9/2/2008	
Swap Mode	67.8% 10 Yr LIBOR CMS (1) 75.105% One Mth LIBOR	53.8% One Mth LIBOR+0.74%	68% One Mth LIBOR	68% One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2045	4/1/2045	4/1/2045	4/1/2045	4/1/2045	
Basis Cost	Yes	Yes	Yes	Yes	Yes	
Swap Cost	4%	3.64%	3.63%	3.64%	3.64%	
Counterparty (CP)	JP Morgan Chase AAA Enhanced ISDA	Citibank, N.A.	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products	Bank of America, N.A.	
S&P/Moodys	AAA/Aaa	A+/A1	A+/Aa3	AAA/Aa1	A+/Aa3	
Ratings Outlook/Watch	None	Negative/Stable	Negative/Stable	Negative/None	Negative/Stable	
Termination Value Due from/(to) CP	$ (41,516,689)	$ (38,415,243)	$ (6,388,049)	$ (12,873,446)	$ (26,819,678)	$ (126,013,105)
Credit Risk						
CP Collateral Posting (2)						
1a) CP = "A-", "A", or "A+" (S&P) or	(3)	Yes	Yes	No	Yes	
1b) CP = "A3", "A2", or "A1" (Moodys) and	(3)	Yes	No	No	No	
2) Termination Value >$10 million	(3)	No	No	No	No	
CP Collateral Posting (2)						
1c) CP < A- (S&P) or	(3)	No	No	No	No	
1d) CP < A3 (Moodys) and	(3)	No	No	No	No	
2) Termination Value >$0	(3)	No	No	No	No	
Collateral Posted by CP	(3)					
Ratings Termination Risk (4)						
SR Bond Ratings (S&P or Moodys)	BBB-/Baa3	BBB-/Baa3	BBB-/Baa3	BBB+/Baa1	BBB+/Baa1	
Tax Risk	Yes	Yes	Yes	Yes	Yes	
Rollover Risk	No	No	No	No	No	
Amortization Risk	Yes	Yes	Yes	Yes	Yes	

(1) amended on 6/1/06 from 75.105% one month libor; swap mode is in 2 legs, converts back to 75.105% one month libor on 4/1/36
(2) unilateral collateral posting by CP
(3) collateral posted by CP under terms and conditions of JPM AAA Enhanced ISDA; $0 threshold regardless of ratings; collateral posted as of June 30, 2010 was approximately $132,895
(4) unilateral termination at BATA's discretion
(5) original trade date was 11/15/2005, agreement amended on 5/16/06

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2007 – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010 Schedule 18

	SERIES 2007	SERIES 2007	SERIES 2007	SERIES 2007	SERIES 2007	SERIES 2007	Total
Notional Amount	$ 270,000,000	$ 260,000,000	$ 50,000,000	$ 85,000,000	$ 170,000,000	$ 40,000,000	$ 875,000,000
Trade Date	5/16/2006 (5)	11/30/2005	11/30/2005	8/28/2008	9/2/2008	9/2/2008	
Effective Date	11/1/2007	11/1/2007	11/1/2007	8/28/2008	9/2/2008	9/2/2008	
Swap Mode	69.33% 5 Yr LIBOR CMS (1) 75.08% One Mth LIBOR	53.8% One Mth LIBOR + 0.74%	68% One Mth LIBOR	68% One Mth LIBOR	68 % One Mth LIBOR	68% One Mth LIBOR	
Maturity	4/1/2046	4/1/2047	4/1/2047	4/1/2047	4/1/2047	4/1/2047	
Basis Cost	Yes	Yes	Yes	Yes	Yes	Yes	
Swap Cost	4%	3.64%	3.63%	3.64%	3.64%	3.64%	
Counterparty (CP)	JP Morgan Chase AAA Enhanced ISDA	Citibank N.A.	Bank of America, N.A.	Goldman Sachs Mitsui Marine Derivative Products	Bank of New York Mellon	Bank of New York Mellon	
S&P/Moodys	AAA/Aaa	A+/A1	A+/Aa3	AAA/Aa1	AA/Aaa	AA/Aaa	
Ratings Outlook	None	Negative/Stable	Negative/Stable	Negative/None	Stable	Stable	
Termination Value Due from/ (to) CP	$ (50,762,111)	$ (45,120,116)	$ (10,768,874)	$ (18,470,862)	$ (36,941,547)	$ (8,692,869)	$ (170,756,379)
Credit Risk CP Collateral Posting (2)							
1a) CP = "A-", "A" , or "A+" (S&P) or	(3)	Yes	Yes	No	No	No	
1b) CP = "A3", "A2", or "A1" (Moodys) and	(3)	Yes	No	No	No	No	
2) Termination Value > $10 million	(3)	No	No	No	No	No	
CP Collateral Posting (2)							
1c) CP < A- (S&P) or	(3)	No	No	No	No	No	
1d) CP < A3 (Moodys) and	(3)	No	No	No	No	No	
2) Termination Value > $0	(3)	No	No	No	No	No	
Collateral Posted by CP	(3)						
Termination Risk (4) SR Bond Ratings (S&P or Moodys)	BBB-/Baa3	BBB-/Baa3	BBB-/Baa3	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	
Tax Risk	Yes	Yes	Yes	Yes	Yes	Yes	
Rollover Risk	No	No	No	No	No	No	
Amortization Risk	Yes	Yes	Yes	Yes	Yes	Yes	

(1) amended on 6/1/06 from 75.08% one month libor; swap mode is in 2 legs, converts back to 75.08% one month libor on 4/1/2041
(2) unilateral collateral posting by CP
(3) collateral posted by CP under terms and conditions of JPM AAA Enhanced ISDA; $0 threshold regardless of ratings; collateral posted as of June 30, 2010 was approximately $132,895
(4) unilateral termination at BATA's discretion
(5) original trade date was 11/30/05, the original agreement date was amended on 5/16/06

Metropolitan Transportation Commission
Schedule of Interest Rate Swap for Series 2008 – BATA Proprietary Fund (unaudited)
For the Year Ended June 30, 2010 — Schedule 19

	SERIES 2008 F-1	SERIES 2008 F-1	SERIES 2008 F-1	SERIES 2008 F-1	Total
Notional Amount	$ 143,900,000	$ 146,445,000	$ 105,355,000	$ 160,000,000	$ 555,700,000
Trade Date	8/28/2008	8/28/2008	8/28/2008	8/28/2008	
Effective Date	8/28/2008	8/28/2008	8/28/2008	8/28/2008	
Swap Fix Receiver Rate	3.90%	4.04%	3.97%	4.01%	
Maturity	4/1/2047	4/1/2047	4/1/2047	4/1/2045	
Basis Cost	No	No	No	No	
Swap Payer Index	SIFMA	SIFMA	SIFMA	SIFMA	
Counterparty (CP)	JP Morgan Chase Bank, N.A.	Bank of New York Mellon	Citibank N.A.	Bank of America, N.A.	
S&P/Moodys	AA-/Aa1	AA/Aaa	A+/A1	A+/Aa3	
Ratings Outlook	Negative	Stable	Stable	Negative/Stable	
Termination Value Due from/(to) CP	$ 2,730,916	$ 2,872,840	$ 1,666,486	$ 3,058,258	$ 10,328,500
Credit Risk					
CP Collateral Posting (1)					
1a) CP = "A-", "A" , or "A+" (S&P)	No	No	Yes	Yes	
or					
1b) CP = "A3", "A2", or "A1" (Moodys)	No	No	Yes	No	
and					
2) Termination Value > $10 million	No	No	No	No	
CP Collateral Posting (1)					
1c) CP < A- (S&P)	No	No	No	No	
or					
1d) CP < A3 (Moodys)	No	No	No	No	
and					
2) Termination Value > $0	Yes	Yes	Yes	Yes	
Ratings Termination Risk (2)					
SR Bond Ratings (S&P or Moodys)	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	BBB+/Baa1	
Tax Risk	Yes	Yes	Yes	Yes	
Rollover Risk	No	No	No	No	
Amortization Risk	Yes	Yes	Yes	Yes	

(1) unilateral collateral posting by CP

(2) unilateral termination at BATA's discretion with 15 days notice; CP has one time termination option on 4/1/2011

STATISTICAL SECTION

This part of the MTC's comprehensive annual financial report presents detailed information to aid in understanding information contained in the financial statements, note disclosures, and required supplementary information. Some tables are not presented with 10 years of data as the information was not available for these periods.

Contents **Page**

Metropolitan Transportation Commission
Net Assets (deficit) by Component ($000) (unaudited)
By Fiscal Year

Table 1

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008*	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	$ 3,466	$ 3,145	$ 2,946	$ 6,051	$ 5,827	$ 6,015	$ 8,768	$ 8,393	$ 7,936
Restricted	101,516	123,408	116,532	104,451	117,117	157,234	337,420	329,243	467,544
Unrestricted	63,366	37,499	35,169	49,795	50,970	130,205	(33,269)	(29,911)	(21,259)
Total governmental activities net assets	$ 168,348	$ 164,052	$ 154,647	$ 160,297	$ 173,914	$ 293,454	$ 312,919	$ 307,725	$ 454,221
Business-type activities									
Invested in capital assets, net of related debt	$ 1,274	$ 2,137	$ 1,886	$ 4,895	$ 5,539	$ 5,596	$ 8,206	$ 12,779	18,199
Restricted	125,000	130,000	175,000	257,670	643,444	691,735	338,458	293,873	200,000
Unrestricted	288,981	40,210	(320,399)	(592,302)	(1,914,340)	(2,347,410)	(2,549,520)	(3,304,407)	(3,932,296)
Total business-type activities net assets	$ 415,255	$ 172,347	$ (143,513)	$ (329,737)	$ (1,265,357)	$ (1,650,079)	$ (2,202,856)	$ (2,997,755)	$ (3,714,097)
Total Primary government									
Invested in capital assets, net of related debt	$ 4,740	$ 5,282	$ 4,832	$ 10,946	$ 11,366	$ 11,611	$ 16,974	$ 21,172	$ 26,135
Restricted	226,516	253,408	291,532	362,121	760,560	848,969	675,878	623,116	667,544
Unrestricted	352,347	77,709	(285,230)	(542,507)	(1,863,369)	(2,217,205)	(2,582,789)	(3,334,318)	(3,953,555)
Total primary government net assets	$ 583,603	$ 336,399	$ 11,134	$ (169,440)	$ (1,091,443)	$ (1,356,625)	$ (1,889,937)	$ (2,690,030)	$ (3,259,876)

*Note: Fiscal years 2002 through 2007 have not been restated per GASB 54.

Metropolitan Transportation Commission
Changes in Net Assets ($000) (unaudited)
By Fiscal Year

Table 2

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government	$ 45,895	$ 48,571	$ 47,238	$ 47,452	$ 63,297	$ 93,884	$ 85,203	$ 86,672	$ 97,260
Transportation	92,787	105,152	81,873	71,885	87,731	145,647	152,999	99,154	54,852
Total governmental activities expenses	138,682	153,723	129,111	119,337	151,028	239,531	238,202	185,826	152,112
Business-type activities:									
Toll bridge activities	347,030	390,063	451,930	433,703	617,546	1,155,916	1,234,968	1,299,135	1,266,614
Congestion relief	9,251	10,376	10,869	11,789	12,402	16,892	13,675	14,363	17,309
Total business-type activities expenses	356,281	400,439	462,799	445,492	629,948	1,172,808	1,248,643	1,313,498	1,283,923
Total primary government expenses	$ 494,963	$ 554,162	$ 591,910	$ 564,829	$ 780,976	$ 1,412,339	$ 1,486,845	$ 1,499,324	$ 1,436,035
Program Revenues									
Governmental activities:									
Charges for services									
Operating grants and contributions	$ 47,069	$ 48,068	$ 49,974	$ 50,165	$ 57,641	$ 320,311	$ 207,496	$ 85,048	$ 249,436
Capital grants and contributions	64,473	72,345	42,344	44,957	70,770	-	9,858	61,796	10,673
Total governmental activities program revenues	111,542	120,413	92,318	95,122	128,411	320,311	217,354	146,844	260,109
Business-type activities:									
Charges for services	150,128	151,914	152,937	256,466	293,000	434,341	497,712	492,963	486,889
Operating grants and contributions	7,068	7,074	6,718	8,130	8,868	283,082	110,372	53,490	131,872
Capital grants and contributions	-	-	-	-	499,403	1,235	-	-	-
Total business-type activities program revenues	157,196	158,988	159,655	264,596	801,271	718,658	608,084	546,453	618,761
Total primary government program revenues	$ 268,738	$ 279,401	$ 251,973	$ 359,718	$ 929,682	$ 1,038,969	$ 825,438	$ 693,297	$ 878,870
Net (expense)/revenue									
Governmental activities	$ (27,140)	$ (33,310)	$ (36,793)	$ (24,215)	$ (22,617)	$ 80,780	$ (20,848)	$ (38,982)	$ 107,997
Business-type activities	(199,085)	(241,451)	(303,144)	(180,896)	171,323	(454,150)	(640,559)	(767,045)	(665,162)
Total primary government net expense	$ (226,225)	$ (274,761)	$ (339,937)	$ (205,111)	$ 148,706	$ (373,370)	$ (661,407)	$ (806,027)	$ (557,165)

Metropolitan Transportation Commission
Changes in Net Assets ($000) (unaudited), *continued*
By Fiscal Year

Table 2

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Restricted investment earnings	$ 4,375	$ 1,764	$ 1,090	$ 2,791	$ 3,996	$ 9,498	$ 1,454	$ 784	$ 222
Unrestricted investment earnings	-	-	-	-	-	1,410	9,936	5,002	1,963
Transfers	27,013	27,250	26,298	27,074	32,238	27,852	28,922	28,003	36,314
Total governmental activities	31,388	29,014	27,388	29,865	36,234	38,760	40,312	33,789	38,499
Business-type activities:									
Unrestricted investment earnings	45,598	25,793	11,185	21,746	44,857	97,280	116,704	149	(14,866)
Contributed capital	-	-	2,397	-	-	-	-	-	-
Extraordinary item	-	-	-	-	(1,119,562)	-	-	-	-
Transfers	(27,013)	(27,250)	(26,298)	(27,074)	(32,238)	(27,852)	(28,922)	(28,003)	(36,314)
Total business-type activities	18,585	(1,457)	(12,716)	(5,328)	(1,106,943)	69,428	87,782	(27,854)	(51,180)
Total primary government	$ 49,973	$ 27,557	$ 14,672	$ 24,537	$ (1,070,709)	$ 108,188	$ 128,094	$ 5,935	$ (12,681)
Change in Net Assets									
Governmental activities	$ 4,248	$ (4,296)	$ (9,405)	$ 5,650	$ 13,617	$ 119,540	$ 19,465	$ (5,194)	$ 146,496
Business-type activities	(180,500)	(242,908)	(315,860)	(186,224)	(935,620)	(384,722)	(552,777)	(794,899)	(716,342)
Total primary government	$ (176,252)	$ (247,204)	$ (325,265)	$ (180,574)	$ (922,003)	$ (265,182)	$ (533,312)	$ (800,093)	$ (569,846)

Metropolitan Transportation Commission
Fund Balances of Governmental Funds ($000) (unaudited)
By Fiscal Year

Table 3

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008*	2009	2010
General fund									
Reserved	$ 15,989	$ 25,259	$ 20,310	$ 15,647	$ 15,186	$ 13,949	$ -	$ -	$ -
Unreserved	13,245	1,953	4,133	5,591	8,832	12,870	-	-	-
Total general fund	$ 29,234	$ 27,212	$ 24,443	$ 21,238	$ 24,018	$ 26,819	$ -	$ -	$ -
All other governmental funds									
Reserved	$ 53,087	$ 58,214	$ 48,413	$ 43,938	$ 44,931	$ 97,455	$ -	$ -	$ -
Unreserved, reported in:	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	96	-	-	-
Special revenue funds	50,194	35,601	31,072	35,032	44,556	117,239	-	-	-
Total all other governmental funds	$ 103,281	$ 93,815	$ 79,485	$ 78,970	$ 89,487	$ 214,790	$ -	$ -	$ -
General fund									
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ 408	$ 593	$ 763
Restricted for	-	-	-	-	-	-	4,175	5,086	2,734
Committed to	-	-	-	-	-	-	3,002	3,836	4,960
Unassigned	-	-	-	-	-	-	11,676	10,210	11,009
Total general fund	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,261	$ 19,725	$ 19,466
All other governmental funds									
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for	-	-	-	-	-	-	272,730	268,794	415,129
Committed to	-	-	-	-	-	-	7,372	6,550	7,573
Total all other governmental funds	$ -	$ -	$ -	$ -	$ -	$ -	$ 280,102	$ 275,344	$ 422,702

*Note: Fiscal years 2002 through 2007 have not been restated per GASB 54.

Metropolitan Transportation Commission
Changes in Fund Balances of Governmental Funds ($000) (unaudited)
By Fiscal Year

Table 4

	FISCAL YEAR								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues									
Sales taxes	$ 9,326	$ 8,903	$ 9,087	$ 9,562	$ 10,355	$ 10,626	$ 10,800	$ 9,848	$ 8,824
Grants - Federal	24,334	28,129	30,979	32,568	37,452	44,211	50,727	41,426	63,559
Grants - State	71,062	77,009	45,821	47,339	74,084	227,809	127,565	61,796	148,976
Local agencies revenues and refunds	6,819	6,372	6,430	5,653	6,520	37,666	33,039	33,774	46,755
Investment income - unrestricted	4,375	1,764	1,090	2,791	3,997	9,498	11,346	5,002	1,963
Investment income - restricted	-	-	-	-	-	-	1,454	783	222
Total revenues	115,916	122,177	93,407	97,913	132,408	329,810	234,931	152,629	270,299
Expenditures									
General government	45,502	48,211	44,958	38,805	49,945	59,182	74,153	64,358	70,100
Allocation to other agencies	100,528	112,648	91,680	81,185	95,765	156,210	163,201	107,027	66,875
Capital outlay	209	56	166	10,540	5,639	14,166	15,744	13,542	22,538
Total expenditures	146,239	160,915	136,804	130,530	151,349	229,558	253,098	184,927	159,513
Excess of revenues over (under) expenditures	(30,323)	(38,738)	(43,397)	(32,617)	(18,941)	100,252	(18,167)	(32,298)	110,786
Other financing sources (uses)									
Other financing source	-	-	-	-	-	-	47,000	-	-
Transfer in	35,875	31,378	29,964	29,375	35,980	42,543	49,778	57,683	44,195
Transfer out	(8,863)	(4,127)	(3,666)	(2,300)	(3,742)	(14,691)	(20,856)	(29,680)	(7,881)
Total other financing sources (uses)	27,012	27,251	26,298	27,075	32,238	27,852	75,922	28,003	36,314
Net change in fund balances	$ (3,311)	$ (11,487)	$ (17,099)	$ (5,542)	$ 13,297	$ 128,104	$ 57,755	$ (4,295)	$ 147,100

Metropolitan Transportation Commission
Primary Government Revenues (unaudited)
By Fiscal Year

Table 5

	PROGRAM REVENUES			GENERAL REVENUES		
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Restricted Investment Earnings	Unrestricted Investment Earnings	Total
2001 [1]	$ 150,759,047	$ 38,906,141	$ 44,648,314	$ -	$ 50,626,342	$ 284,939,844
2002	150,127,560	44,810,738	64,472,632	-	49,973,084	309,384,014
2003 [2]	151,914,404	46,238,665	72,344,529	-	27,557,608	298,055,206
2004	152,936,898	47,604,184	42,343,900	-	12,274,572	255,159,554
2005 [3]	256,466,211	48,732,356	44,957,468	-	24,537,489	374,693,524
2006 [4]	292,999,899	66,509,695	570,172,943	-	48,853,834	978,536,371
2007 [5]	434,341,478	603,392,696	1,234,760	1,410,000	106,778,738	1,147,157,672
2008 [6]	497,712,304	317,868,256	9,858,000	1,454,256	126,640,261	953,533,077
2009 [7]	492,963,040	200,334,018	-	783,516	5,150,515	699,231,089
2010 [8]	486,888,891	381,308,169	10,672,699	221,925	(12,903,019)	866,188,665

1 Excludes $400 million bond proceeds
2 Excludes $300 million bond proceeds
3 Excludes $300 million bond proceeds
4 Excludes $2,149 million bond proceeds
5 Excludes $811 million bond proceeds
6 Excludes $1,008 million bond proceeds
7 Excludes $708 million bond proceeds
8 Excludes $2,069 billion bond proceeds

Metropolitan Transportation Commission
Primary Government Expenses by Function (unaudited)
By Fiscal Year

Table 6

Fiscal Year	General Government	Transportation	Toll Bridge Activities	Congestion Relief	Total
2001	$ 38,845,325	$ 58,179,156	$ 277,944,435	$ 9,618,902	$ 384,587,818
2002	45,894,987	92,787,010	347,029,659	9,251,327	494,962,983
2003	48,570,719	105,152,624	390,063,272	10,375,587	554,162,202
2004	47,237,837	81,873,193	451,929,595	10,869,417	591,910,042
2005	47,451,629	71,885,313	433,703,072	11,788,922	564,828,936
2006	63,297,372	87,731,178	617,546,375	12,401,445	780,976,370
2007	93,884,140	145,646,986	1,155,916,387	16,891,976	1,412,339,489
2008	85,202,758	152,998,857	1,234,968,178	13,675,326	1,486,845,119
2009	86,671,886	99,153,429	1,299,135,147	14,363,137	1,499,323,599
2010	97,259,761	54,851,617	1,266,614,630	17,309,069	1,436,035,077

Metropolitan Transportation Commission
Toll Revenues – By Bridge (unaudited)
By Fiscal Year

Table 7

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Revenue
2002	$ 48,549,475	$ 15,887,162	$ 11,548,514	$ 26,948,118	$ 21,490,553	$ 3,369,095	$ 14,544,342	$ 142,337,259
2003	48,788,086	16,689,764	11,114,225	27,475,268	21,792,680	3,422,296	14,917,557	144,199,876
2004	48,359,687	17,798,598	10,849,858	27,665,208	22,070,380	3,618,949	14,813,522	145,176,202
2005	85,879,816	30,369,927	18,559,373	46,458,835	36,529,638	5,850,611	24,492,701	248,140,901
2006	94,092,670	35,638,094	21,839,387	51,766,708	41,578,791	6,675,489	28,685,717	280,276,856
2007	141,806,435	53,621,361	33,662,371	77,320,278	62,637,940	9,905,926	43,400,541	422,354,852
2008	161,335,048	59,628,110	37,589,986	85,225,636	73,663,301	10,545,060	49,389,963	477,377,104
2009	163,424,734	56,451,232	35,491,342	83,121,692	73,535,614	9,848,575	48,263,187	470,136,376
2010	157,455,482	58,242,972	35,674,460	81,501,610	74,627,628	9,498,837	49,084,593	466,085,582

Metropolitan Transportation Commission
Paid and Free Vehicles – By Bridge (in Number of Vehicles) (unaudited)
By Fiscal Year

Table 8

Fiscal Year	San Francisco-Oakland Bay Bridge	San Mateo-Hayward Bridge	Dumbarton Bridge	Carquinez Bridge	Benicia-Martinez Bridge	Antioch Bridge	Richmond-San Rafael Bridge	Total Traffic
2002	50,081,390	15,183,309	12,275,888	23,135,711	18,412,461	2,480,315	13,036,822	134,605,896
2003	49,412,655	15,771,699	11,539,424	23,305,920	18,517,754	2,522,697	13,062,238	134,132,387
2004	49,181,230	16,716,970	11,182,599	23,610,150	18,775,231	2,659,370	13,036,614	135,162,164
2005	48,092,917	16,551,900	10,779,979	23,103,224	18,261,679	2,676,269	12,544,235	132,010,203
2006	46,253,979	16,948,414	10,957,158	22,709,571	18,292,428	2,687,915	12,645,557	130,495,022
2007	45,568,951	16,901,880	11,108,116	22,762,879	18,230,344	2,729,276	12,664,782	129,966,228
2008	45,139,513	16,376,583	10,767,813	21,795,287	18,508,003	2,559,936	12,528,248	127,675,383
2009	45,568,253	15,466,520	10,214,522	21,091,173	18,295,365	2,345,007	12,215,518	125,196,358
2010	43,579,404	15,808,435	10,135,134	20,517,470	18,581,186	2,263,717	12,383,708	123,269,054

Metropolitan Transportation Commission
Average Toll Rate Revenues ($000) – By Bridge (unaudited)
By Fiscal Year — Table 9

Fiscal Year	Antioch	Benicia-Martinez	Carquinez	Richmond	San Mateo-Hayward	Dumbarton	San Francisco-Oakland Bay
2002							
No. of Paid Vehicles	2,325	17,733	21,678	12,468	13,726	10,779	45,118
Average Toll Rate	$ 1.45	$ 1.21	$ 1.24	$ 1.17	$ 1.16	$ 1.07	$ 1.08
Total Revenue	$ 3,369	$ 21,491	$ 26,948	$ 14,544	$ 15,887	$ 11,549	$ 48,549
2003							
No. of Paid Vehicles	2,354	17,794	21,824	12,513	14,343	10,224	44,996
Average Toll Rate	$ 1.45	$ 1.22	$ 1.26	$ 1.19	$ 1.16	$ 1.09	$ 1.08
Total Revenue	$ 3,422	$ 21,793	$ 27,475	$ 14,918	$ 16,690	$ 11,114	$ 48,788
2004							
No. of Paid Vehicles	2,478	17,988	22,054	12,399	15,201	9,977	44,646
Average Toll Rate	$ 1.46	$ 1.23	$ 1.25	$ 1.19	$ 1.17	$ 1.09	$ 1.08
Total Revenue	$ 3,619	$ 22,070	$ 27,665	$ 14,814	$ 17,799	$ 10,850	$ 48,360
2005							
No. of Paid Vehicles	2,472	17,116	21,344	11,758	14,790	9,298	43,357
Average Toll Rate	$ 2.37	$ 2.13	$ 2.18	$ 2.08	$ 2.05	$ 2.00	$ 1.98
Total Revenue	$ 5,851	$ 36,530	$ 46,459	$ 24,493	$ 30,370	$ 18,559	$ 85,880
2006							
No. of Paid Vehicles	2,479	17,071	20,914	11,908	15,131	9,529	41,265
Average Toll Rate	$ 2.69	$ 2.44	$ 2.48	$ 2.41	$ 2.36	$ 2.29	$ 2.28
Total Revenue	$ 6,675	$ 41,579	$ 51,767	$ 28,686	$ 35,638	$ 21,839	$ 94,093
2007							
No. of Paid Vehicles	2,517	16,975	20,722	11,913	14,881	9,516	40,134
Average Toll Rate	$ 3.94	$ 3.69	$ 3.73	$ 3.64	$ 3.60	$ 3.54	$ 3.53
Total Revenue	$ 9,906	$ 62,638	$ 77,320	$ 43,401	$ 53,621	$ 33,662	$ 141,807
2008							
No. of Paid Vehicles	2,366	17,440	19,875	11,782	14,358	9,194	39,555
Average Toll Rate	$ 4.46	$ 4.22	$ 4.29	$ 4.19	$ 4.15	$ 4.09	$ 4.08
Total Revenue	$ 10,545	$ 73,663	$ 85,226	$ 49,390	$ 59,628	$ 37,590	$ 161,335
2009							
No. of Paid Vehicles	2,208	17,426	19,441	11,542	13,629	8,708	40,118
Average Toll Rate	$ 4.46	$ 4.22	$ 4.28	$ 4.18	$ 4.14	$ 4.08	$ 4.07
Total Revenue	$ 9,849	$ 73,536	$ 83,122	$ 48,263	$ 56,451	$ 35,491	$ 163,425
2010							
No. of Paid Vehicles	2,136	17,715	19,057	11,752	14,058	8,746	38,649
Average Toll Rate	$ 4.45	$ 4.22	$ 4.28	$ 4.18	$ 4.15	$ 4.08	$ 4.08
Total Revenue	$ 9,499	$ 74,628	$ 81,502	$ 49,085	$ 58,243	$ 35,674	$ 157,455

Metropolitan Transportation Commission
Ratios of General Bonded Debt Outstanding (unaudited)
By Fiscal Year

Table 10

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Toll Revenue	Per Toll Vehicle
2002	$ 400,000,000	$ -	$ 400,000,000	$ 142,337,259	$ 2.97
2003	700,000,000	-	700,000,000	144,199,876	5.22
2004	700,000,000	-	700,000,000	145,176,202	5.18
2005	1,000,000,000	-	1,000,000,000	248,140,901	7.58
2006	3,143,420,000	24,148,268	3,119,271,732	280,276,856	23.90
2007	3,863,250,000	24,148,268	3,839,101,732	422,354,852	29.54
2008	4,328,390,000	238,449,821	4,089,940,179	477,377,104	32.03
2009	4,338,155,000	282,727,772	4,055,427,228	470,136,376	32.39
2010	5,595,125,000	358,975,732	5,236,149,268	466,085,582	42.48

Notes:

*No Debt prior to 2001

Metropolitan Transportation Commission
Pledged-Revenue Coverage (unaudited)
By Fiscal Year

Table 11

Toll Revenue Bonds						
				Debt Service		
Fiscal Year	Toll Revenue	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2002	$ 142,337,259	$ 32,433,627	$ 109,903,632	$ -	$ 13,357,928	8.23
2003	144,199,876	38,836,593	105,363,283	-	20,440,983	5.15
2004	145,176,202	48,028,344	97,147,858	-	26,663,420	3.64
2005	248,140,901	54,371,891	193,769,010	-	35,373,668	5.48
2006	280,276,856	81,589,254	198,687,602	5,785,000	63,146,496	2.88
2007	422,354,852	100,926,883	321,427,969	29,705,000	131,438,684	1.99
2008	477,377,104	101,090,539	376,286,565	42,620,000	191,859,414	1.60
2009	470,136,376	101,572,555	368,563,821	40,865,000	197,742,351	1.54
2010	466,085,582	105,760,787	360,324,795	35,345,000	224,821,145	1.39

Metropolitan Transportation Commission
Miscellaneous Statistics (unaudited)
June 30, 2010 — Table 12

Date of Incorporation		1970
Form of Government		Commissioners with Appointed Executive Director
Number of Commissioners		16 Voting and 3 Non-Voting Members
Number of Employees (Approved Positions)		166
Type of Tax Support		3.5 % of TDA Sales Tax
Region in Which Commission Operates		San Francisco Bay Area San Jose, San Francisco & Oakland Combined Statistical Area including San Benito & Santa Cruz
Number of Counties in the Region		9
Area of Authority in Square Miles		6,980
Population of Region in Which Commission Operates		7,459,858
Number of Toll Bridges in the Region		8
Traffic for All Toll Bridges - Number of Vehicles (excluding Golden Gate Bridge, Highway and Transportation District)		123,269,054
Toll Revenues (excluding Golden Gate Bridge, Highway and Transportation District)	$	466,085,582
Number of Call Boxes in the Region		2,311

Metropolitan Transportation Commission
Demographic Statistics for Nine San Francisco Bay Area Counties (unaudited)
Last Ten Calendar Years — Table 13

Year	Population[1]	Per Capita Income[2, 5]	Median Age[2, 5]	School Enrollment[3]	Unemployment Rate[4]
2001	6,861,500	N/A	N/A	980,475	4.06%
2002	6,936,700	N/A	N/A	972,766	6.47%
2003	6,994,500	N/A	N/A	976,025	6.46%
2004	7,009,400	N/A	N/A	974,281	5.30%
2005	7,096,575	N/A	N/A	973,751	4.49%
2006	7,126,284	N/A	N/A	971,392	4.61%
2007	7,204,492	N/A	N/A	970,721	4.19%
2008	7,301,080	N/A	N/A	974,089	5.81%
2009	7,375,678	N/A	N/A	978,117	10.58%
2010	7,459,858	N/A	N/A	N/A	10.77%

Data Sources

1 State of California, Dept. of Finance, Demographic Research Unit

2 Bureau of Census

3 California Department of Education

4 State of California, Employment Development Department

5 Bureau of Census conducts survey every ten years for the Median Age and Per Capita Income of the nine-county region as a whole.

Metropolitan Transportation Commission
Full-Time Equivalent Employees by Function (unaudited)
Last Ten Fiscal Years

Table 14

Functions	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities										
General government	58	58	56	55	56	65	65	66	66	63
Transportation	58	58	59	59	58	68	68	67	67	67
Business-type Activities										
Toll bridge activities	8	8	9	9	10	30	30	33	33	33
Congestion relief	5	5	5	6	6	6	6	4	4	5
	129	129	129	129	130	169	169	170	170	168

Metropolitan Transportation Commission
Ratio of Retiree Medical Premium to Covered Payroll (unaudited)
By Fiscal Year — Table 15

Fiscal Year	Retiree Premiums	Covered Payroll *	% of Covered Payroll
2001	$ 99,109	$ 9,035,190	1.10%
2002	120,377	10,346,350	1.20%
2003	152,096	11,177,301	1.40%
2004	217,975	11,289,637	1.90%
2005	268,105	11,694,664	2.30%
2006	308,512	12,687,014	2.40%
2007	353,378	15,193,161	2.30%
2008	428,810	16,122,962	2.70%
2009	452,003	16,711,761	2.70%
2010	501,102	17,011,660	2.95%

* From MTC records